Queen Anne's County
M A R Y L A N D

2009

Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009



2009

Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009

Prepared by:
Finance Office
Queen Anne's County, Maryland

Eren L. Rose, CPA
Chief Accounting Officer

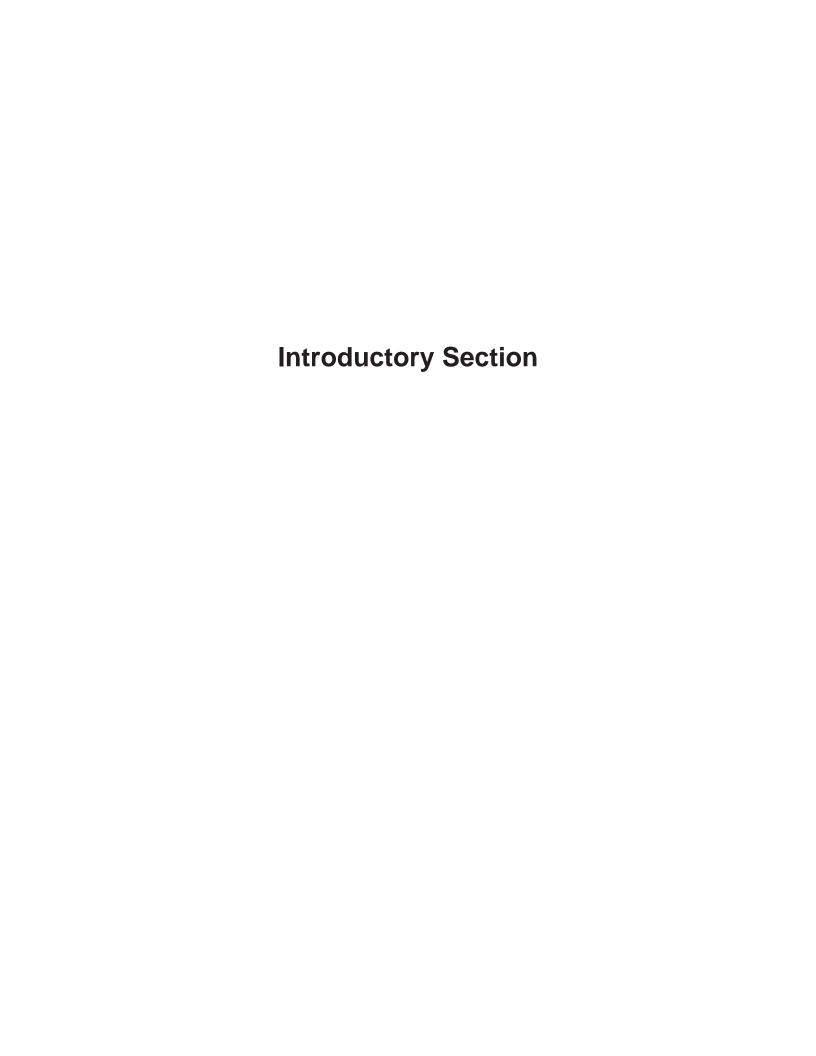
Marie K. Lange Chief Treasury Officer

QUEEN ANNE'S COUNTY, MARYLAND COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2009 TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	1–4
Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Certain Elected and Other Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	9–10
Management's Discussion and Analysis (required supplementary information)	11–32
BASIC FINANCIAL STATEMENTS	33
Government-Wide Financial Statements	
Statement of Net Assets	34–35
Statement of Activities	36–37
Governmental Fund Financial Statements	
Balance Sheet	38–39
Reconciliation of the Balance Sheet of Governmental Funds	
to the Statement of Net Assets	41
Statement of Revenues, Expenditures and Changes in Fund Balances	42–43
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	44.45
Balances of Governmental Funds to the Statement of Activities	44–45
Enterprise Fund Financial Statements Statement of Net Assets	46–47
Statement of Revenues, Expenses, and Changes in Fund Net Assets	46–47 48–49
Statement of Cash Flows	40–49 50–51
Fiduciary Fund Statements	30-31
Statement of Fiduciary Net Assets	52
Statement of Changes in Fiduciary Net Assets	53
Notes to Financial Statements	54–103
	0.100
REQUIRED SUPPLEMENTARY INFORMATION	105
Other Post-Employment Benefits (OPEB) Trust	
Schedule of Funding Progress and Schedule of Participating Agencies' Contributions	106
Budgetary Comparisons for General and Major Special Revenue Funds	107
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual	109
Schedule of Revenues and Other Financing Sources – Budgetary Basis	110–111
Schedule of Expenditures and Other Financing Uses – Budgetary Basis	112–113
Roads Board Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual	114

QUEEN ANNE'S COUNTY, MARYLAND COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2009 TABLE OF CONTENTS (CONTINUED)

		Page(s)
FINANC	IAL SECTION (CONTINUED)	
COM	BINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
	(SUPPLEMENTARY INFORMATION)	115
	Non-Major Governmental Funds	117–119
	Combining Balance Sheet	120-122
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124-126
	Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
	Budgetary Basis	128–132
(Capital Projects Funds	133
	Schedule of Appropriations and Expenditures	134–137
	School Impact Fees Capital Projects Fund	
	Schedule of Revenues, Expenditures and Changes in Fund	
	Balances – Budget and Actual	138
	Non-Major Enterprise Funds	139–141
	Combining Statement of Net Assets	142–143
	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	144–145
	Combining Statement of Cash Flows	146–147
	Fiduciary Funds	149–151
	Other Post-Employment Benefit Trust Fund	150
	Combining Statement of Fiduciary Net Assets Combining Statement of Changes in Fiduciary Net Assets	152 153
	Agency Funds	100
	Combining Statement of Fiduciary Net Assets	155
	Combining Statement of Pladciary Net Assets Combining Statement of Changes in Fiduciary Net Assets	156–157
	Changes in Capital Assets, Interfund Receivables and Payables, and Interfund Transfers	159
•	Detailed Schedule of Changes in Capital Assets	161
	Detailed Schedule of Interfund Receivables and Payables	162–163
	Detailed Schedule of Interfund Transfers	164–167
(Community Partnerships for Children Special Revenue Fund	169
	Combining Balance Sheets – By Grantor	170–171
	Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
	By Community Partnership Agreements (CPA) and	
	Non-Community Partnership Agreements (Non-CPA)	172–175
	Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
	Budgetary Basis	176–177
STATIS	FICAL SECTION (UNAUDITED)	179
Table		
1	Net Assets by Component – Government-Wide	181
2a	Changes in Net Assets – Government-Wide	182-183
2b	General Tax Revenues – Governmental Activities	184
3	Fund Balances – Governmental Funds	185
4	Changes in Fund Balances – Governmental Funds	186–187
5	Assessed Value of Taxable and Exempt Property	189
6a	Real Property Tax Rates – County Direct Rate	190
6b	Real Property Tax Rates – County Special Taxing Districts	191
6c	Real Property Tax Rates – Overlapping Governments – Towns	192–193
7	Ten Highest Commercial Property Taxpayers	194
8	Property Tax Levies and Collections	195
9	Ratios of Outstanding Debt by Type	196
10	Ratios of General Bonded Debt Outstanding	197
11	Computation of Net Direct and Overlapping Debt	199
12	Computation of Legal Debt Margin	200–201
13	Principal Employers	202
14	Demographic Statistics	203
15 16	County Government Employees – Full-Time Equivalents County Government Employees – Full-Time Only by Function	204
16 17	Operating Indicators by Function	205 206
18	Capital Asset Statistics by Function	200 207







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COUNTY COMMISSIONERS

ERIC S. WARGOTZ, M.D. - COUNTYWIDE COURTNEY M. BILLUPS - DISTRICT 1 PAUL L. GUNTHER - DISTRICT 2 GENE M. RANSOM, III - DISTRICT 3 CAROL R. FORDONSKI - DISTRICT 4

JOHN P. BORDERS, JR., COUNTY ADMINISTRATOR MARGIE A. HOUCK, EXECUTIVE ASSISTANT TO COUNTY COMMISSIONERS

December 23, 2009

The Board of County Commissioners and
The Citizens of Queen Anne's County, Maryland

Formal transmittal of the Comprehensive Annual Financial Report (CAFR)

State law requires that all general-purpose governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Queen Anne's County, Maryland for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Queen Anne's County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, the management of Queen Anne's County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Queen Anne's County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Queen Anne's County's comprehensive framework on internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Queen Anne's County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Queen Anne's County, for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Queen Anne's County's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Queen Anne's County is part of a broader, federally mandated "Single Audit' designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Queen Anne's County's separately issued Single Audit report.

GAAP require that management provide a narrative introduction, overview, and analysis, entitled Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Queen Anne's County's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

Queen Anne's County is situated on the Eastern Shore of Maryland. It is bordered to the north by Kent County, to the east by the State of Delaware, to the south by Caroline and Talbot counties, and to the west by the Chesapeake Bay. Access to the western shore of Maryland is provided by the Chesapeake Bay Bridge. The County is 373 square miles in area and has approximately 47,091 citizens. The County seat is located in Centreville. The County Commissioners of Queen Anne's County are empowered to levy a property tax on both real and personal properties located within its boundaries.

Queen Anne's County was formed in 1706 and is governed by a five-member Board of County Commissioners. County code provides that one Commissioner be elected purely at large. The remaining four Commissioners must reside in specific districts, but are elected at large. The Commissioners operate under Maryland's Code Home Rule form of government. The Board operates under the Code of Local Laws of Queen Anne's County. Both the executive and legislative functions of the County are vested with the Board of County Commissioners.

Queen Anne's County provides a full range of services including public safety (police, volunteer fire protection, emergency services, detention center, and animal control), highways and streets, sanitation, planning and zoning, economic development, culture and recreation, education, libraries, and general administrative services. In conjunction with the State, the County also operates services related to general community health and social services. In addition, the County operates a water and wastewater utility, an airport, and certain recreational facilities as Enterprise Funds.

The appropriated annual budget is prepared by fund, function (e.g. public safety), and department (e.g. detention center). Department Heads may make transfers of appropriations within a department of up to \$10,000 with the approval of the County Administrator. Transfers of appropriations or appropriation of new revenues in excess of \$10,000 require the approval of the County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund and major special revenue funds are presented on pages 109 to 114 as part of the Required Supplementary Information portion of this report. For non-major funds with appropriated annual budgets, budget to actual comparisons are presented in the Supplementary Information subsection of this report on pages 128 to 132; on page 138; and on pages 176 to 177.

Information Useful in Assessing the Government's Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Queen Anne's County operates.

Local Economy. Queen Anne's County currently enjoys a stable economic environment. Local indicators, such as lower than average unemployment, increased wealth levels, and a manageable debt burden all point to continued stability. The local employment base is somewhat limited and centers on several stable manufacturers, as well as the agriculture, maritime, construction, retail, leisure, and hospitality industries. Nearly 60% of the workforce commutes to locations outside the County, primarily to higher paying jobs in the Baltimore/Washington area. Three of the five largest employers are governmental units, including the County, the Board of Education, and Chesapeake College. There is a small, but growing, base of specialty manufacturers. Housing demand and prices are relatively flat compared to prior years. Unemployment is typically below the state and national averages. The June 2009 rate for the County was 6.7% compared to the state's rate of 7.4% and the U.S.'s rate of 9.5%. The 2009 average rate for the county was 5.8%.

Long Term Financial Planning. The County Commissioner's six-year capital program, starting with fiscal year 2010, prioritizes capital expenditures over these years to meet needs. The six-year program includes: \$102.6 million for construction and renovation of various school facilities; \$15.0 million for a new circuit courthouse; and \$8.2 million for the Bay Bridge Airport. Offsetting nearly two thirds of these project costs, grants and other non-operating, non-debt resources are anticipated: \$51.0 million for the school construction and renovation; and \$7.8 million for the Airport.

<u>Cash Management Policies and Practices.</u> Cash held temporarily idle during the year by the County, excluding component units, was invested in the Maryland Local Government Investment Pool (MLGIP). As of June 30, 2009, about \$34.5 million was invested in the pool.

The average yield on MLGIP investments was 1.35%, with a total amount earned in all governmental fund types of \$643 thousand. Of this amount, \$398 thousand was credited to the County's General Fund and used to pay current expenditures.

The County has a written investment policy that insures that the security of County investments is maximized.

Insurance/Risk Management. Queen Anne's County is a charter member of the Maryland Local Government Insurance Trust (LGIT). The trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage, and operates under the terms of a Trust Agreement. The County obtains property, general, excess, and vehicle coverage from the Trust and pays LGIT an annual premium. Claims are processed and recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits.

The County obtains worker's compensation insurance through a commercial insurance company. Employee medical coverage is provided through a self-insurance group operated by the Eastern Shore of Maryland Educational Consortium.

<u>Pension and Other Post Employment Benefits.</u> The employees of the County are covered by the Employee's Pension System or the Law Enforcement Officers Pension System, which are cost-sharing multiple employer pension systems. The Pension System of Maryland administers these pension plans. The State Personnel and Pension Article of the Annotated Code of Maryland specifies all plan benefits to plan members. Additional information on the plans can be found in Note 12 of the notes to the financial statements.

The County provides access to medical insurance benefits to retirees who retire from County service in accordance with County policy. Retirees with at least fifteen years of continuous County service may qualify for membership in the County's retiree group medical plan(s) at a reduced rate; those with less than fifteen years service may remain in this plan if they pay the full rate. Full time employees who retire may also insure their spouses and certain dependents. Retirees pay between 10% and 100% of the full premium equivalent cost based upon their years of County service at retirement. The County reports information related to these post-employment benefits on an accrual basis; such information was previously reported on a pay-asyou-go basis. Additional information can be found in Note 14 of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Queen Anne's County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Queen Anne's County, Maryland has received a Certificate of Achievement for the last ten consecutive years (fiscal years 1999-2008). We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Office. Each member of the department has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to Eren L. Rose for her dedication and professionalism in the preparation of Queen Anne's County financial statements.

Respectfully submitted,

John P. Borders, Jr., CPA County Administrator

- 4 -

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Queen Anne's County Maryland

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



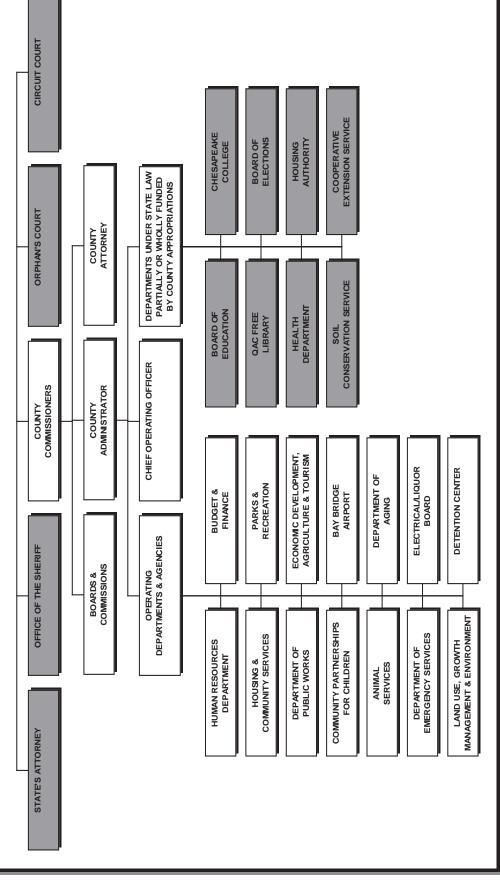
President

Executive Director

QUEEN ANNE'S COUNTY GOVERNMENT ORGANIZATION CHART

DEPARTMENTS AND AGENCIES SHOWN IN GRAY BOXES ARE NOT UNDER THE CONTROL OR SUPERVISION OF QUEEN ANNE'S COUNTY GOVERNMENT BUT ARE PARTIALLY OR WHOLLY FUNDED BY COUNTY APPROPRIATIONS UNDER STATE LAW.

QUEEN ANNE'S COUNTY VOTERS



QUEEN ANNE'S COUNTY, MARYLAND GOVERNMENTAL ORGANIZATION CERTAIN ELECTED AND OTHER OFFICIALS AS OF JUNE 30, 2009

CERTAIN ELECTED OFFICIALS *

County Commissioners Eric S. Wargotz, M.D., At Large

Courtney M. Billups, District 1 Paul L. Gunther, District 2 Gene M. Ransom, III, District 3 Carol R. Fordonski, District 4

State's Attorney Lance G. Richardson, Esq.

Sheriff Raymond G. Hofmann

CERTAIN DEPARTMENT HEADS AND OTHER OFFICIALS **

County Administrator John P. Borders, Jr., CPA

Chief Operating Officer Gregg A. Todd
Director of Public Works Todd R. Mohn

Director of Economic Development,

Agriculture, and Tourism

Faith E. Rossing

Chief of Land Use and Zoning J. Steve Cohoon

Chief of Community and

Environmental Planning Helen M. Spinelli

Chief Accounting Officer Eren L. Rose, CPA
Chief Treasury Officer Marie K. Lange

County Attorney Patrick E. Thompson, Esq.

Independent Auditor

Clifton Gunderson LLP Certified Public Accountants Timonium, Maryland

** As of November 16, 2009.

Bond Counsel

McKennon, Shelton & Henn, LLP Baltimore, Maryland

Financial Advisor

Public Advisory Consultants Baltimore, Maryland

^{*} As of November 16, 2009.





2009

Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009

Financial Section



Independent Auditor's Report

The Board of Commissioners of Queen Anne's County, Maryland Centreville, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Queen Anne's County, Maryland (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the Board of Education of Queen Anne's County and the Queen Anne's County Free Library which comprise 86% of the assets and 97% of the revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis; Schedule of Funding Progress; Schedule of Participating Agencies' Contributions; and Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and Roads Board Special Revenue Fund as referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and supplementary schedules listed as supplementary data, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules, listed as supplementary data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baltimore, Maryland

Clifton Genderson LLP

December 22, 2009

Management's Discussion and Analysis

Introduction

This section of the Comprehensive Annual Financial Report of Queen Anne's County, Maryland (the County) presents a narrative overview and analysis of the financial activities of Queen Anne's County Government for the fiscal year ended June 30, 2009. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Adoption of new GASB Statements

During fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Implementing these statements required reporting accrual basis information related to retiree benefits, which previously were reported on a pay-asyou-go basis. The County has established a fiduciary Trust entity, entitled "Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies" (OPEB Trust), to account for and report on post-employment healthcare benefit activities and those of its other participating agencies. Because the County only partially funded the actuarially calculated contribution currently required for these benefits, which contribution must be recorded as an expense, a non-current liability of \$4.3 million has been recognized on the County's Statement of Net Assets for governmental and business-type activities. For more information, see Note 14 of the Notes to Financial Statements, which can be found on pages 96 to 101.

The County also adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Information on current year situations can be found in Note 18 on page 103.

In addition, the County adopted GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27*, which did not have a significant impact on the County's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Queen Anne's County Government's basic financial statements. The County's basic financial statements are comprised of three components:

Government-Wide Financial Statements Fund Financial Statements Notes to the Financial Statements

This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of Queen Anne's County Government's finances, in a manner comparable to a private sector business.

The *statement of net assets* presents information on all of Queen Anne's County Government's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position and condition of Queen Anne's County Government is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Queen Anne's County Government that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of Queen Anne's County Government include general government, public safety, public works, health, social services, education, parks and recreation, library, conservation of natural resources, and economic and community development. The business-type activities of Queen Anne's County Government include water and sewer services, an airport, public marinas, parks and various recreational facilities.

The government-wide financial statements include not only Queen Anne's County Government itself (known as the *primary government*), but also legally separate component units. Queen Anne's County Government has the following discretely presented component units: Queen Anne's County Board of Education, Queen Anne's County Free Library, and the Queen Anne's County Public Housing Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 34 to 37 of this report.

Fund Financial Statements: A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Queen Anne's County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Queen Anne's County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements can be found throughout this report, with basic statements found on pages 38 to 53.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the balance sheet for governmental funds and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These two reconciliations begin with *governmental fund* financial data; describe all transactions that are added or subtracted to yield *governmental activities*; and end with

governmental activities financial data. These reconciliations can be found on pages 41 and 44 to 45.

Queen Anne's County maintains three types of governmental funds: the general fund, a variety of special revenue funds, and five capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all governmental funds; fund type is identified for each fund.

Queen Anne's County adopts an annual appropriated budget for its general fund; school, fire, and parks impact fee capital projects funds; and the following special revenue funds: roads board, department of aging, housing and community services, community partnerships for children, dredging special assessments, Kent Narrows, law library, inmate welfare, agricultural transfer, and rural legacy. A budgetary comparison statement has been provided for each of these funds, which can be found on pages 109 to 114; 128 to 132; 138; and 176 to 177 of this report.

Proprietary funds: Queen Anne's County maintains *enterprise funds* to report the same functions presented as *business-type activities* in the government-wide financial statements. Queen Anne's County Government uses enterprise funds to account for its water and sewer services, airport, marinas, parks, and other recreational facilities. The basic proprietary fund financial statements can be found on pages 46 to 51 of this report, as well as non-major statements on pages 142 to 147.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Queen Anne's County Government's own programs. The County acts as a fiduciary for two trust and six agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 52 to 53 of this report, while further detail can be found on pages 152 to 157.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54 to 103 of this report.

Government-wide Financial Analysis

Statement of Net Assets

A summary of government-wide assets, liabilities, and net assets is as follows:

	 Governmen	tal Activi	ties	 Business Ty	pe Activ	rities	Total				
Summary of Net Assets	 2009		2008	2009		2008		2009	2008		
Current and Other Assets	\$ 54,440,061	\$	71,853,636	\$ 26,467,702	\$	24,681,001	\$	80,907,763	\$	96,534,637	
Capital Assets	137,608,599		132,874,886	99,900,415		101,870,541		237,509,014		234,745,427	
Total Assets	 192,048,660		204,728,522	126,368,117		126,551,542		318,416,777		331,280,064	
Noncurrent liabilities	71,411,949		72,632,089	23,963,800		25,249,167		95,375,749		97,881,256	
Other liabilities	 7,508,361		13,963,945	 5,370,954		5,788,592		12,879,315		19,752,537	
Total Liabilities	 78,920,310		86,596,034	 29,334,754		31,037,759		108,255,064		117,633,793	
Net assets:											
Invested in capital assets, net											
of related debt	123,217,989		117,831,360	77,146,688		77,237,512		200,364,677		195,068,872	
Restricted	16,582,660		15,376,330	19,886,675		18,276,271		36,469,335		33,652,601	
Unrestricted	 (26,672,299)		(15,075,202)	 	_			(26,672,299)		(15,075,202)	
Total Net Assets	\$ 113,128,350	\$	118,132,488	\$ 97,033,363	\$	95,513,783	\$	210,161,713	\$	213,646,271	

The County's total current and other assets decreased by \$15.6 million, or 16.2 percent, to \$80.9 million. The County's total assets exceeded its liabilities at the close of fiscal year 2009 by \$210.2 million. Net assets are divided into three categories: invested in capital assets (net of related debt); restricted net assets; and unrestricted net assets.

By far, the largest portion, \$200.4 million, of the County's total net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, and infrastructure), less any related and outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the county government only if the local Board determines a building is no longer needed for educational purposes. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for the Board of Education amounted to \$50.3 million at June 30, 2009. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of \$23.6 million on its government-wide financial statements, rather than the negative unrestricted net assets of \$26.7 million reported herein.

An additional \$36.5 million of the County's total net assets represents resources that are subject to restrictions on how they may be used. For governmental activities, this amount includes: \$7.3 million in net assets restricted for contingency/revenue stabilization during periods of economic downturn (general government function); \$3.4 million restricted for housing and revolving loan receivables (economic development function); \$3.3 million restricted for State-shared Highway User Tax mandates and developer exaction agreements (public works function); \$1.2 million for federally confiscated funds' mandates and donation specifications (public safety function); and \$1.1 million restricted for State-shared Agricultural Transfer Tax mandates and Critical Area fine requirements (conservation of natural resources function). For business-type activities, this amount includes: \$7.6 million restricted for subsequent year operations in those enterprise funds not reported separately in the following restricted amounts; \$7.5 million in allocations restricted for Sanitary District capital projects or debt service; \$4.0 million restricted to meet Sanitary District debt covenants; and \$753 thousand restricted by Sanitary District developer exaction project requirements.

At the end of the current fiscal year, Queen Anne's County Government is able to report positive balances in two out of three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. Business-type activities report all non-capital net assets as restricted, due to the inherent nature of those activities, and show a positive balance in both categories.

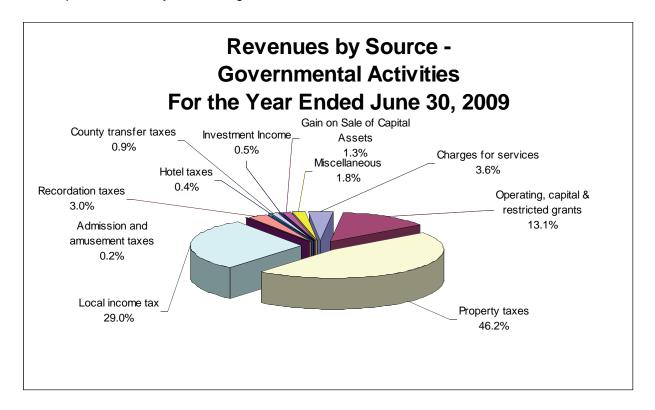
Statement of Activities

The following table summarizes changes in net assets for governmental and business-type activities during the year:

	Governmental Activities				Business Type Activities				Total			
Summary of Changes in Net Assets	2009		2008		2009		2008		2009		2008	
P												
Revenues:												
Program revenues:	6 4040,000	•	0.700.000	•	0.050.504		0.000.054	•	40.070.404		40 007 044	
Charges for services	\$ 4,316,993	\$	6,700,093	\$	9,356,501	\$	9,626,951	\$	13,673,494	\$	16,327,044	
Operating grants and contributions	12,870,537		11,325,892		45,824		59,663		12,916,361		11,385,555	
Capital grants and contributions	2,865,454		7,583,786		1,041,115		3,063,206		3,906,569		10,646,992	
General revenues:												
Property taxes	55,362,114		50,021,587		-		-		55,362,114		50,021,587	
Local income tax	34,834,937		35,700,111		-		-		34,834,937		35,700,111	
Other local taxes												
Admission and amusement taxes	235,588		223,233		-		-		235,588		223,233	
Recordation taxes	3,565,584		3,825,394		-		-		3,565,584		3,825,394	
Hotel taxes	428,998		503,979		-		-		428,998		503,979	
County transfer taxes	1,103,095		1,578,912		-		-		1,103,095		1,578,912	
Investment income	642,472		2,128,509		595,279		875,509		1,237,751		3,004,018	
Gain on sale of capital assets	1,540,404		-		-		-		1,540,404		-	
Miscellaneous	2,182,525		721,946		918,688	_	919,828	_	3,101,213		1,641,774	
Total Revenues	119,948,701		120,313,442		11,957,407		14,545,157		131,906,108		134,858,599	
Expenses:												
Governmental Activities:												
General government	13,317,683		11,167,743		-		-		13,317,683		11,167,743	
Public safety	23,570,049		20,721,185						23,570,049		20,721,185	
Public works	10,237,718		10,420,547						10,237,718		10,420,547	
Health	1,590,004		1,441,143		-		-		1,590,004		1,441,143	
Social services	5,617,621		4,978,883		-		-		5,617,621		4,978,883	
Education	53,296,238		58,034,317		-		-		53,296,238		58,034,317	
Parks and recreation	5,060,018		3,330,087		-		-		5,060,018		3,330,087	
Libraries	1,414,008		1,270,718		-		-		1,414,008		1,270,718	
Conservation of natural resources	2,473,308		2,172,443				_		2,473,308		2,172,443	
Economic and Community development	2,197,116		3,527,908		-		-		2,197,116		3,527,908	
Interest and fiscal charges	2,831,002		3,033,416		-		-		2,831,002		3,033,416	
Business-type Activities:	_,,		2,222,112						_,-,-,,		2,222,112	
Water and sewer			-		10,689,782		9,621,784		10,689,782		9,621,784	
Parks and recreation			-		2,178,163		2,179,157		2,178,163		2,179,157	
Public marinas			-		38,050		27,344		38,050		27,344	
Airport					879,906		812,067		879,906		812,067	
Total Expenses	121,604,765		120,098,390		13,785,901		12,640,352		135,390,666		132,738,742	
Increase in Net Assets before Transfers	(1,656,064)		215,052		(1,828,494)		1,904,805		(3,484,558)		2,119,857	
Transfers in (out)	(3,348,074)		(11,581)		3,348,074		11,581		-			
Increase (Decrease) in Net Assets	(5,004,138)		203,471		1,519,580		1,916,386		(3,484,558)		2,119,857	
Net Assets - Beginning of Year	118,132,488		117,929,017		95,513,783		93,597,397		213,646,271		211,526,414	
Net Assets - End of Year	\$ 113,128,350	\$	118,132,488	\$	97,033,363	\$	95,513,783	\$	210,161,713	\$	213,646,271	

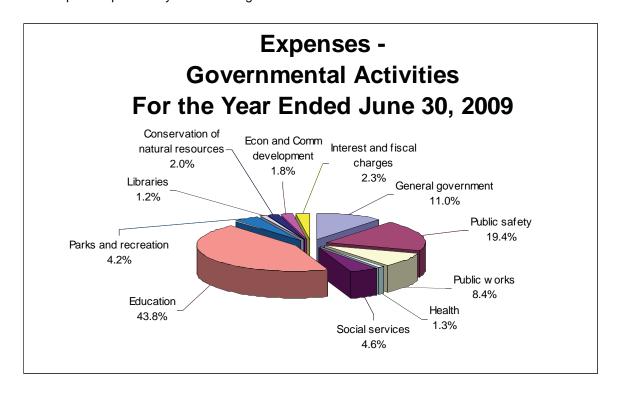
Governmental activities:

<u>Revenues</u> for governmental activities were \$120.0 million for fiscal year 2009. The following chart depicts revenues by source for governmental activities:



- Taxes comprise the largest source of County revenue, totaling \$95.5 million (79.7 percent) of total revenue for fiscal year 2009. Of that amount, property and local income tax together yielded \$90.2 million (75.2 percent) of all revenue. Each County sets its own property and income tax rates, within parameters established by the State. For fiscal years 2009 and 2008, the County's property tax rate remained constant at \$.770 per \$100 of assessed value of real property, based on full cash value of that property. The County's local income tax rate remained at 2.85 percent of the State taxable income for calendar years 2009 and 2008. There is no local sales tax in the State of Maryland.
- Operating grants and contributions, totaling \$12.9 million, reflect grants from Federal and State agencies that support specific County programs. Programs that benefitted the most this year are: public works and roads (\$7.6 million or 58.9 percent), social services (\$2.9 million or 22.8 percent), and public safety (\$1.3 million or 9.8 percent).
- <u>Charges for services</u>, totaling \$4.3 million, reflect fees charged to County citizens. These
 primarily support public safety (\$1.4 million or 32.3 percent) and general government
 functions (\$1.1 million or 24.5 percent).
- <u>Capital grants and contributions</u>, totaling \$2.9 million, reflect contributions from Federal
 and State agencies, as well as developers. Capital activities that benefit the most this
 year are: parks and recreation (\$1.1 million or 38.0 percent) and conservation of natural
 resources (\$691 thousand or 24.1 percent).

<u>Expenses</u> for all governmental activities were \$121.6 million for fiscal year 2009. The following chart depicts expenses by function for governmental activities:



As noted in the chart above and the table below, by far the County's largest program and highest priority is education, with expenses totaling \$53.3 million (43.8 percent). In order of priority, public safety expenses totaled \$23.6 million (19.4 percent); general government expenses were \$13.3 million (11.0 percent); public works and roads expenses were \$10.2 million (8.4 percent); social services expenses totaled \$5.6 million (4.6 percent); parks and recreation expenses were \$5.1 million (4.2 percent); conservation of natural resources were \$2.5 million (2.0 percent); economic and community development expenses were \$2.2 million (1.8 percent); and other expenses were \$5.8 million (4.8 percent).

The following table summarizes costs and program-related revenues for the same programs in order of priority, yielding net service costs:

					Program-Related Revenues				Net Cost of Services			
Net Cost of Governmental Activities		2009		2008		2009		2008		2009		2008
Education	\$	53,296,238	\$	58,034,317	\$	909,936	\$	1,011,013	\$	(52,386,302)	\$	(57,023,304)
Public Safety		23,570,049		20,721,185		2,934,508		4,422,872		(20,635,541)		(16,298,313)
General Government		13,317,683		11,167,743		1,464,530		2,101,244		(11,853,153)		(9,066,499)
Public Works		10,237,718		10,420,547		8,579,913		7,864,175		(1,657,805)		(2,556,372)
Social Services		5,617,621		4,978,883		3,344,801		3,589,641		(2,272,820)		(1,389,242)
Parks and Recreation		5,060,018		3,330,087		1,328,792		6,041,080		(3,731,226)		2,710,993
Conservation of Natural Resources		2,473,308		2,172,443		844,413		411,252		(1,628,895)		(1,761,191)
Economic and Community Development		2,197,116		3,527,908		646,091		168,494		(1,551,025)		(3,359,414)
Other		5,835,014		5,745,277		-				(5,835,014)		(5,745,277)
Total	\$	121,604,765	\$	120,098,390	\$	20,052,984	\$	25,609,771	\$	(101,551,781)	\$	(94,488,619)

Of the total cost of \$121.6 million for governmental activities, \$20.1 million (16.5 percent), of those costs were covered by program-related revenues paid by individuals and external governmental entities. Of these outside entities, individuals who benefited directly from County programs were charged user fees of \$4.3 million, while governments and other organizations that benefited indirectly from these programs contributed operating grants of \$12.9 million and capital grants of \$2.9 million.

County taxpayers paid for most of the remaining \$101.6 million in net program costs, through a variety of County taxes for a total of \$95.5 million. Net program costs of services provided to the public, in order of net cost, were: \$52.4 million for education; \$20.6 million for public safety; \$11.9 million for general government; \$3.7 million for parks and recreation; \$2.3 million for social services; \$1.7 million for public works; \$1.6 million for conservation of natural resources; \$1.6 million for economic and community development; and \$5.8 million for other services. See Changes in Net Assets and General Fund Budgetary Highlights for further details.

<u>Changes in net assets:</u> Government-wide revenues, less expenses, plus/minus transfers in/out, yield changes in net assets. During fiscal year 2009, governmental activities decreased the County's net assets overall by \$5.0 million, compared to an increase of \$204 thousand in fiscal year 2008. The following discussion explains changes in net assets relative to the prior fiscal year.

Revenues for governmental activities decreased by \$365 thousand (0.3 percent). Key revenue changes, in order of relative importance, are:

- Property tax revenue increased by \$5.3 million (10.7 percent). This gain was partially offset by a decrease in recordation and county transfer taxes of \$260 thousand (6.8 percent decrease) and \$476 thousand (30.1 percent decrease), respectively. For fiscal year 2008, these three property-tax-related revenues were flat compared to fiscal year 2007. In fiscal year 2009, they increased overall by \$4.6 million, or 8.3 percent. The reasons for this net increase are explained as follows:
 - Transfer tax is levied when property is transferred to a new owner. Transfer tax decreased dramatically for the last two years: 30.1 percent in fiscal year 2009, compared to fiscal year 2008, and 37.9 percent in fiscal year 2008, compared to fiscal year 2007.
 - Recordation tax is collected when property owners re-finance property-related debt, as well as when property is sold. For the fiscal year 2010 budget, the County projected only a 10.4% increase in recordation tax, based on fiscal year 2009 actual receipts.
 - County-issued commercial and residential permits, mostly related to building construction and renovation, decreased dramatically during fiscal year 2009, when compared to the prior ten years. As shown in Table 17 of the Statistical Section, on page 206, only 40 commercial permits were issued in fiscal year 2009, compared to well over 200 such permits for six of the prior nine fiscal years. Meanwhile, only 427 residential permits were issued in fiscal year 2009, compared to more than twice that many issued in six of the prior nine fiscal years.
 - Each year, the State re-assesses one third of all real property in each county. The County's fourth tax district, Kent Island, includes much of the County's Chesapeake Bay shoreline and many commercial properties and constitutes about 43 percent of the County's taxable assessed base in fiscal year 2009; it was last re-assessed in December, 2005. The State's normal phase-in policy increases taxable assessments in any given year by one third of the total increased assessed value, based on the three-year assessment. Therefore, the fourth district's taxable assessments reached

their full assessed value in time for the fiscal year 2009 tax levy, based on property values in effect prior to December, 2005. Meanwhile, the tax rate remained unchanged.

- <u>Local income tax</u> revenues remained virtually flat, decreasing by \$865 thousand (2.4 percent). Flat income tax revenue is an indication that the County is not immune to the current economic recession, although it is still relatively stable.
- Program revenue decreased by \$5.6 million (21.7 percent). (1) Of this amount, \$4.7 million of this decrease related to capital grant revenue. In fiscal year 2008, the County received a one-time State grant of \$4.6 million for parks and recreation to purchase a specific parcel of land. (2) Charges for services (including forfeitures) decreased by \$2.4 million, primarily due to receipt of \$1.6 million in Federally Confiscated funds in fiscal year 2008 resulting from the Sheriff's Department's participation in an extraordinary, multiagency case in that year only. (3) Offsetting these two decreases, operating grants (including state-shared tax with a mandated use) increased by \$1.6 million. In prior years, unspent highway user tax receipts were deferred until the following year, because mandated expenditures had not been made. Beginning in fiscal year 2009, highway user tax is recognized in the year of receipt, with any unspent funds reported as reserved fund balance.
- Investment income decreased by \$1.5 million (70.0 percent), reflecting the change in cash on hand from fiscal year 2008 to fiscal year 2009, as well as lower interest rates. Cash decreased by \$14.1 million (31.0 percent) from \$45.6 million at the end of fiscal year 2008 to \$31.5 million at the end of fiscal year 2009. This occurred because the County (1) repaid debt of \$5.1 million, net of new debt and reimbursements; and (2) invested \$1.1 million in land, \$6.3 million in other capital projects, and \$1.2 million in routine capital outlay. Moreover, the average daily rate of interest earned on County investments in the Maryland Local Government Investment Pool (MLGIP), the County's sole investment vehicle, decreased throughout the fiscal year, from 2.1% at June 30, 2008 to 0.47% at June 30, 2009.
- Gain on sale of capital assets increased by \$1.5 million, compared to no gain in fiscal year 2008. This gain resulted entirely from an interdepartmental transfer of capital assets, consisting of the County's Exhibition Center and related property. Although this property initially functioned as a parks and recreation facility, it was later converted to an economic and community development facility because of its ideal location at Kent Narrows to serve tourist and business interests.
- Miscellaneous income increased by \$1.5 million (202.3 percent), mainly due to two distinct factors. (1) The County belongs to a health insurance consortium that purchases BlueCross BlueShield insurance on behalf of its members, with the provision that claims in excess of premiums will be covered by the collective members of the consortium. To mitigate this risk, the County charges sufficient premiums to County Departments and retirees during the year to cover an estimated 10 percent contingent liability. Every year, the consortium reviews actual claims. Based on their findings, and if no additional amounts are needed, the County periodically reduces its contingent liability account to zero and reimburses both County Departments and retirees. In fiscal year 2009, the County reimbursement covered two fiscal years and totaled \$1.0 million, compared to no refund the year before. (2) Workmen's Compensation Insurance costs are estimated at the beginning of the year and collected during the year based on that estimate. A key factor in determining the premium rate assigned to each position is that position's job classification, which carries a specific "risk" factor based on work performed. After initial estimates had been determined for fiscal year 2009, job classifications were re-evaluated and many positions were re-assigned to more accurate job classifications with lower "risk" factors, resulting in lower premiums. In fiscal year 2009, this process contributed

toward a refund to the County of \$305 thousand more than the small refund that was received in the prior fiscal year.

Expenses for governmental activities increased by \$1.5 million (1.1 percent) and transfers out to business-type activities increased by \$3.3 million, for a net increase of \$4.8 million. Key positive and negative expense changes, in order of relative importance, are:

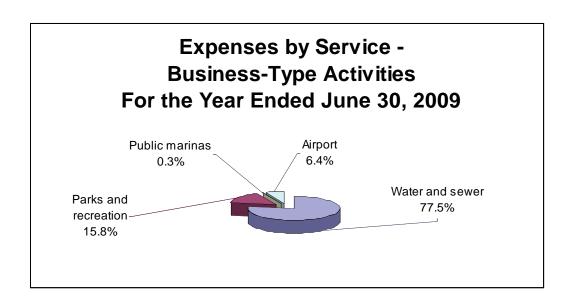
- Education expenses decreased by a net of \$4.7 million (8.2 percent), resulting from opposing events. (1) The County increased its operating allocations to the Board of Education by \$3.2 million (7.4 percent) and to the local Community College by \$10 thousand (0.6 percent). (2) Offsetting these increases, the County's funding for Board of Education projects decreased by \$7.8 million (64.1 percent) and for Community College projects by \$179 thousand (60.8 percent). The reason the Board of Education capital project costs decreased so dramatically is that \$8.7 million was spent to renovate the Kent Island Elementary School during fiscal year 2008, while only \$866 thousand was necessary to complete that project in fiscal year 2009.
- <u>Public Safety</u> expenses increased by a net of \$2.9 million (13.8 percent) and were entirely funded by the County. (1) Although overall *personnel* costs increased by \$3.0 million from fiscal year 2008 to 2009, \$1.6 million related to other post-employment benefit costs. New in fiscal year 2009, the County implemented GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*. Implementation of these statements required that the County report retiree benefit information on an accrual basis within each department, which have previously been reported on a pay-as-you-go basis. Additional details can be found in Notes 9 and 14. (2) In addition, regular *personnel* costs increased overall by \$1.5 million (11.8 percent). The largest portion related to the Sheriff's Department, which increased by \$650 thousand (14.6 percent) as a result of filling vacant Deputy Sheriff positions and a special salary adjustment for uniformed officers. Also, Emergency Services' personnel costs increased by \$534 thousand (11.2 percent) due to career ladder promotions.
- General Government expenses increased by \$2.2 million (19.3 percent). Of this amount, personnel costs increased by \$970 thousand (15.8 percent), of which \$497 thousand related to other post-employment benefit costs, as mentioned above in Public Safety. Certain departments sustained noteworthy changes: (1) planning personnel costs increased by \$137 thousand (38.4 percent) because two existing vacant positions were filled; (2) zoning personnel costs increased by \$106 thousand (8.4 percent) as a result of filling a vacant position also; and (3) the County Administrator's Office personnel costs increased by \$77 thousand (22.1 percent) due to a change in the executive benefit package. Of the total expense increase for General Government, loss on disposal of capital assets increased by \$970 thousand (837.7 percent), due to the donation of 40 acres of land purchased in a previous year to the Board of Education.
- Parks and Recreation expenses increased by \$1.7 million (52.0 percent). (1) Of this amount, personnel costs increased by \$562 thousand (24.9 percent), primarily due to other post-employment benefit costs of \$365 thousand. (2) The rest of this increase was due to a loss on disposal of capital assets of \$1.5 million, compared to no loss in fiscal year 2008. This loss resulted entirely from an interdepartmental transfer of capital assets, consisting of the County's Exhibition Center and related property. Although this property used to be operated as a parks and recreation facility, it was renovated into a business and tourism facility because of its prime location at Kent Narrows (see section on gain on sale of capital assets above).

- Economic and Community Development expenses decreased by \$1.3 million (37.7 percent). This change resulted entirely from a decrease in allocations to the Public Housing Authority (PHA) of \$1.4 million. In fiscal year 2008, the County allocated \$1.7 million to the Housing Authority, which spent \$907 thousand and \$765 thousand, respectively, for construction of Foxxtown Apartments and the Sudlersville Senior Center. In fiscal year 2009, these projects were complete and only \$328 thousand was allocated to the Housing Authority.
- Transfers Out increased from \$12 thousand in fiscal year 2008 to \$3.4 million in fiscal year 2009. (1) This dramatic change resulted primarily from transfers of \$2.8 million from the General Capital Projects Fund to various enterprise funds in order to bring the negative cash and net asset balances in the enterprise funds to a zero or near-zero balance, as these enterprise funds were never intended to be entirely self-supporting. The transfers were made to the: Golf Course for \$1.5 million, Airport for \$947 thousand, and Property Management for \$314 thousand. (2) In addition, in fiscal year 2008, there was a one-time transfer of \$580 thousand from the Public Landings enterprise fund to the General Fund to repay cash advanced for the Grove Creek Dredging Project. At the same time, a new special revenue fund was set up and benefit assessments were levied, to be repaid over time. There was no such transfer for fiscal year 2009.

Business-type activities:

<u>Revenues, transfers in,</u> and <u>expenses</u> for business-type activities were \$12.0 million, \$3.4 million, and \$13.8 million, respectively, for fiscal year 2009. The following two charts depict revenues by source and expenses by service for business-type activities:

Revenues by Source Business-Type Activities For the Year Ended June 30, 2009 Miscellaneous 7.7% Operating & capital grants & contributions 9.1% Charges for services 78.2%



Business-type activities increased the County's net assets altogether by \$1.5 million in fiscal year 2009, which was \$400 thousand (20.7 percent) less than the prior year's increase of \$1.9 million. The fiscal year 2009 change in net assets resulted primarily from:

- <u>Charges for services</u> decreased by \$270 thousand (2.8 percent), from \$9.6 million to \$9.4 million. This change was almost exclusively due to reduced demand for sewer allocations in the Restricted Fund, compared to the prior fiscal year.
- <u>Capital grants</u> decreased by \$2.0 million (66.0 percent), but still added over \$1.0 million to funding. The net decrease in funding resulted from \$1.1 million less for sewer capital projects; \$800 thousand less for water capital projects; and \$94 thousand less for airport capital projects. In general, these decreases reflect completion of more capital projects in fiscal year 2008 than in fiscal year 2009, and receipt in fiscal year 2008 of associated grant funding for those completed projects.
- Investment income decreased by \$280 thousand (32.0 percent) even though cash on hand increased by \$565 thousand from fiscal year 2008 to fiscal year 2009. This decrease was a direct result of lower interest rates. The average daily rate of interest earned on County investments in the MLGIP decreased throughout the fiscal year, from 2.1% at June 30, 2008 to 0.47% at June 30, 2009.
- Transfers in increased from \$12 thousand in fiscal year 2008 to \$3.4 million in fiscal year 2009. This dramatic change resulted primarily from transfers of \$2.8 million from the General Capital Projects Fund to various enterprise funds in order to bring the negative cash and net asset balances in the enterprise funds to a zero or near-zero balance, as these enterprise funds were never intended to be entirely self-supporting. The transfers were made to the: Golf Course for \$1.5 million, the Airport for \$947 thousand, and to Property Management for \$314 thousand. In addition, in fiscal year 2008 there was a one-time transfer of \$580 thousand from Public Landings to reimburse the General Fund advancing cash in fiscal year 2007 for the Grove Creek Dredging Project. There was no such transfer out in fiscal year 2009.
- Operating expenses before transfers increased by \$1.2 million (9.1 percent), from \$12.6 million to \$13.8 million, for all business-type activities. This change results from several significant factors: (1) New in fiscal year 2009, the County implemented GASB Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than

Pension Plans, and No. 45, Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions. Implementation of these statements required that the County report information on an accrual basis related to retiree benefits. which have previously been reported on a pay-as-you-go basis. This new reporting requirement generated an additional \$680 thousand in expenses for business-type activities. (2) Depreciation expense for the Sanitary District increased by \$1.8 million. resulting primarily from completion of the new BNR/ENR sewer treatment plant, which created about \$33.0 million in new depreciable assets. (3) Sanitary District collection expenses increased by \$300 thousand, largely as a result of increased equipment repair costs reflecting emergency repairs to replace a leaking portion of sewer force mains, and also repairs to equipment that was damaged in the normal course of business. (4) Interest expense increased by \$180 thousand, primarily due to a new Water Quality Revolving Loan Fund loan used to fund construction of the new BNR/ENR sewer treatment plant. Two events offset these expense increases. (1) In fiscal year 2008, sewer operations had a \$2.1 million one-time loss on disposal of capital assets resulting from commission of the new BNR/ENR Sewer treatment plant; no such disposals took place in fiscal year 2009. (2) In fiscal year 2008, Public Landings re-categorized \$167 thousand of expenses relating to the Grove Creek Dredging Project; this one-time adjustment was not needed in fiscal year 2009.

Financial Analysis of the Government's Funds

As noted earlier, Queen Anne's County Government uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Detailed financial data based on the government's fund accounting can be found in the governmental fund statements in this report.

Governmental Funds: The focus of Queen Anne's County Government's *governmental funds* is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Queen Anne's County Government's near term financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, Queen Anne's County Government's governmental funds reported combined ending fund balances of \$36.5 million, compared to \$46.2 million for the prior year. Approximately 1.84 percent of this total (\$672 thousand) constitutes *unreserved undesignated fund balance*, which is available for spending at the government's discretion.

The reserved fund balance, at 70.26 percent of total fund balance (\$25.7 million), is not available for new spending because it has already been reserved for prior period commitments and legal restrictions. Reserved fund balances have been committed: (1) to liquidate contracts, purchase orders, and capital commitments of the prior period (\$8.7 million); (2) to cover loan receivable balances (\$3.6 million) and contingencies (\$7.3 million); (3) to segregate Critical Areas and Agricultural Transfer Tax collections that are legally committed to land preservation programs (\$1.1 million); (4) to restrict the unspent portion of Federal confiscated funds received (\$1.1 million); (5) to segregate Highway User Tax that is restricted by State mandate to maintain County roads (\$2.4 million); and (6) to earmark other monies for a variety of other specific purposes (\$1.5 million).

The remaining 27.89 percent of fund balance (\$10.2 million) constitutes *unreserved designated* fund balances. These amounts have been designated for subsequent year's operating and capital budgets (\$6.3 million and \$3.9 million, respectively) and are recorded in the County's budget documents as beginning resources to fund expenditures.

The General Fund is the chief operating fund of Queen Anne's County Government. At the end of the current fiscal year, the *unreserved undesignated fund balance* of the General Fund is \$76 thousand, which is available for spending, out of a total fund balance of \$15.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both *unreserved undesignated fund balance* and *total fund balance* to total General Fund expenditures and other financing uses (\$99.2 million plus 2.6 million = \$101.8 million). The *unreserved undesignated fund balance* of \$76 thousand represents 0.075 percent of the total General Fund expenditures and other financing uses, while *total fund balance* of \$15.0 million represents 14.76 percent of that same amount. Of this total fund balance, \$7.3 million has been set aside to cover unforeseen contingencies.

During the current fiscal year, the total fund balance of the government's General Fund increased by \$2.1 million, compared to a decrease of \$9.5 million in total fund balance at the end of fiscal year 2008. This \$7.4 million net change was virtually all due to reduced spending of \$7.2 million, as shown in the following table:

	 Genera	Increase			
Expenditures and Transfers Out	 2009	2008	(Decrease)		
Expenditures					
Education	\$ 48,856,359	\$ 45,610,824	\$	3,245,535	
Public Safety	20,083,251	18,438,978		1,644,273	
General Government	9,871,927	9,419,224		452,703	
Debt Service	7,843,837	8,011,934		(168,097)	
Other	 12,553,738	 12,460,910		92,828	
Subtotal Expenditures	 99,209,112	 93,941,870		5,267,242	
Other Financing Uses - Transfers Out to:					
General Capital Projects Fund	21,483	12,176,028		(12,154,545)	
Agricultural Transfer Tax Fund	32,000	167,000		(135,000)	
Impact Fees - Fire Companies/Contingencies	37,069	156,191		(119,122)	
Department of Aging	1,622,471	1,663,342		(40,871)	
Other Funds	860,589	 869,967		(9,378)	
Subtotal Transfers Out	 2,573,612	 15,032,528		(12,458,916)	
Total Expenditures and Transfers Out	\$ 101,782,724	\$ 108,974,398	\$	(7,191,674)	

Although the County increased *expenditures* in the General Fund by a total of \$5.3 million, as noted in the table above, the reason spending decreased is entirely due to a \$12.2 million reduction in *transfers out* from the General Fund to the General Capital Projects Fund. During fiscal year 2008, \$8.7 million was spent in the General Capital Projects Fund to renovate the Kent Island Elementary School, another \$1.3 million was needed to purchase land ideally situated for a future court house, and a number of smaller projects were under construction. Although these two projects, along with several smaller projects, were due to be funded with bond proceeds, issuance of the bonds was postponed from fiscal year 2008 to early fiscal year 2010. To cover this temporary cash shortfall, a total of \$12.2 million in cash was transferred from the General Fund to the General Capital Projects Fund during fiscal year 2008 as a one-time transfer. During fiscal year 2009, no further transfers were needed, as the school renovation was virtually complete and the land had been purchased. In November 2009, which is fiscal year 2010, the bonds were issued and monies were allocated to cover a number of capital projects completed in prior years, including these projects.

Altogether, the General Fund spent and/or transferred \$7.2 million less in fiscal year 2009 than it did in fiscal year 2008, as shown in the table above.

For further explanations of General Fund revenues and expenditures, see the General fund Budgetary Highlights section of this MD&A.

<u>The General Capital Projects Fund</u> is the fund in which the County completes all capital projects related to governmental funds, except capital projects related to the Roads Department. The latter projects are accounted for in the Roads Capital Projects Fund, so that Highway User Tax revenues remain separate.

As of June 30, 2009, the General Capital Projects Fund has a total fund balance of \$4.8 million, of which \$7.7 million is reserved to meet capital commitments of the prior period, leaving an unrestricted deficit of \$2.9 million. Usually such a deficit indicates that the Fund is overcommitted. However, this deficit results from the need to complete the Kent Island Elementary School renovation and purchase a specific property, as explained above, during fiscal years 2008 and 2009, while waiting to fund those projects with bond proceeds until fiscal year 2010. In November 2009, which is fiscal year 2010, the County issued bonds for \$29.9 million, thereby replenishing financial resources in this fund.

Proprietary funds: Queen Anne's County Government's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Also, *due to/due from other funds* are combined in the government-wide statements and reported as Internal Balances between governmental and business-type activities, which net to zero.

Total unrestricted net assets of the <u>Sanitary District</u> Enterprise Funds at the end of fiscal year 2009 amounted to \$14.1 million, which is \$448 thousand less than the prior year. Total net assets amounted to \$76.9 million at the end of fiscal year 2009, which decreased by \$1.1 million during that year. These decreases resulted primarily from two events: (1) the new BNR/ENR sewer treatment plant was depreciated for its first full year in operation, resulting in an increase in depreciation expense of \$1.8 million and (2) the County implemented GASB Statement 43, Other Post Employment Benefits (OPEB), thereby increasing operating expenses by \$567 thousand due to recognition of other post-employment benefits (OPEB) for the current year.

The total unrestricted net assets of the <u>Bay Bridge Airport</u> Enterprise Fund at year end amounted to \$74 thousand, which is \$800 thousand more than the prior year's \$726 thousand deficit. Total net assets amounted to \$12.4 million at the end of fiscal year 2009, which increased by \$1.0 million during the year. These increases were entirely due to a transfer in from the General Fund of \$1.0 million, which brought the Airport's unrestricted net assets to a positive figure. Although the Airport is an enterprise fund, it is intended to be only partially self-supporting and this transfer corrected a cumulative deficit.

A discussion of Enterprise Fund capital assets and long-term debt can be found in those sections presented later in this MD&A.

General Fund Budgetary Comparisons

The County adopts an operating budget for the General Fund as of July 1 each year and amends that budget throughout the year in response to actual events. Three Schedules detail these events: summary, revenues and expenditures. These schedules can be found as part of Required Supplemental Information, which is located after the Notes on pages 109 through 113. These Schedules report original and final budgets, as well as the variance between actual events and final budgets.

Original to Final Budget Comparisons. The final expenditure budget for the General Fund, including transfers out, totaled \$105.7 million. Amendments increased spending authority by \$1.6 million during fiscal year 2009, when compared to the original budget of \$104.1 million.

Major components of these expenditure budget increases are as follows:

- Public Safety budgeted expenditures increased by \$1.2 million, of which \$709 thousand was for the Sheriff's Office and \$483 thousand was for Emergency Services. (1) Of the Sheriff Office's budget increase, \$517 thousand utilizes federal funds confiscated from multi-agency enforcement cases to purchase capital equipment items and \$168 thousand reflects grants awarded in fiscal year 2009 to pay overtime and benefits for deputies to provide security for County school and community events. (2) Of the Emergency Services' budget increase, \$475 thousand was added to take advantage of new Homeland Security grant awards, primarily to purchase capital equipment and fund a new position to assist with emergency planning.
- <u>Public Works</u> budgeted expenditures increased by \$193 thousand, of which \$171 thousand was for Solid Waste disposal. (1) Per an ongoing agreement, \$95 thousand was allocated from the Rubble Surcharge Fund to an outside contractor to purchase equipment to perform specific work for the County's benefit. (2) Another \$65 thousand authorized payment for contractual commitments that were approved in fiscal year 2008 but not completed until the following year. (3) A final \$12 thousand was reclassified from other General Fund departments to haul recycling materials from "cooperative" entity locations to the County's Recycling collection location.
- Health Department budgeted expenditures increased by \$101 thousand. This was for increased allocations to that department for general operations and to augment the County's Adult Day Care effort.
- <u>Miscellaneous</u> budgeted expenditures increased by \$101 thousand; virtually all was to cover OPEB costs, which were offset by reductions in other departments.

<u>Budget to Actual Comparisons.</u> Actual <u>revenues</u> for the General Fund, including other financing sources and before appropriated fund balance, were less than final budgetary estimates by \$1.2 million. Actual <u>expenditures</u>, and other financing uses, were less than final budgetary appropriations by \$3.9 million. The net effect of these two opposing events was a positive variance of actual to final budget of \$2.7 million.

The most noteworthy differences between final budgeted amounts and actual amounts are summarized as follows:

Revenues:

- <u>Property tax</u> revenue was \$107 thousand less than expected (0.2 percent). This slight
 variance resulted from relatively static property values, resulting in predictable tax
 revenues. The property tax estimate consisted of the original tax levy, based on property
 assessments completed prior to July 1, and the mid-year levy, based on property
 changes and construction through December 31.
- <u>Local Income tax</u> revenue was only \$13 thousand less than expected (0.04 percent), due to a fortuitous initial estimate.
- Recordation tax revenue was \$1.1 million less than expected (27.9 percent). For a discussion of recordation tax receipts, see the Statement of Activities governmental changes in net assets, earlier in this MD&A.
- Intergovernmental revenue was \$250 thousand less than budgeted (11.1 percent). This
 amount consisted of grants and fees due to the Department of Emergency Services. (1)
 A grant of \$429 thousand was awarded by Homeland Security, of which \$211 thousand
 was spent and received during fiscal year 2009; the remaining \$218 thousand will be

eligible for reimbursement if spent appropriately through May 2011. (2) In addition, telephone 911 fees were estimated at \$400 thousand, but \$342 thousand were received, resulting in a shortfall of \$58 thousand.

- <u>Charges for current services</u> were \$278 thousand less than expected (13.5 percent).
 Over half of this variance, or \$165 thousand, was due to lower than estimated ambulance fees collected. These fees are due to volunteer fire companies when they respond to emergency calls. They are difficult to estimate because a component of the fee is a voluntary payment and the fees may be shared if volunteer ambulances are part of the response team.
- <u>Investment income</u> was \$1.1 million less than expected (72.6 percent), due almost exclusively from decreasing interest rates throughout the year. For more information, see the Statement of Activities governmental changes in net assets, earlier in this MD&A.
- Miscellaneous Revenues and Donations were \$1.7 million more than budgeted. Of this category, the Miscellaneous portion consists of items that are unpredictable in nature and are not budgeted. Three events make up virtually all of this year's miscellaneous revenue, none of which was budgeted. (1) Reimbursement of "contingent liability" amounts relating to healthcare costs were received in the amount of \$1.0 million and (2) a similar reimbursement of workmen's compensation contributions, based on annual audited wages, were received in the amount of \$546 thousand. These two events can be positive (reimbursements) or negative (expenditures), depending on circumstances for the particular year, and are explained on page 19. For fiscal year 2009, both of these events were reimbursements, resulting in a positive variance related to the final budget. (3) Another \$99 thousand was received for rubble surcharge fees, which are reserved at year end to support the County's multi-year recycling effort, and are also not budgeted.

Expenditures:

- Final Budgeted <u>Salaries and Benefits</u> were \$28.2 million for the year, while actual costs were \$26.4 million. They remained unspent at year-end by \$1.8 million (6.4 percent). Of this amount, public safety was responsible for the majority of the unspent portion (\$874 thousand), while general government and public works accounted for most of the rest (\$414 thousand and \$265 thousand, respectively). This was due to routine turnover and vacant positions. Note that the lump-sum final budget for <u>Salary Reversions</u> was \$338 thousand, yielding a net positive variance of \$1.5 million for salaries and benefits.
- Final Budgeted Other Operating Charges were \$76.0 million for the year, while actual costs were \$74.7 million. These costs were lower than budget at year end by \$1.3 million (1.8 percent). Operating Charges include contracted services, supplies, debt service, transfers out, and other charges.
 - Contracted Services were underutilized by \$536 thousand, primarily in public safety (\$300 thousand) and general government (\$173 thousand). The largest line-item savings were for: detention center medical fees (\$163 thousand); land use and zoning inspection fees (\$76 thousand); fire chiefs' association miscellaneous services (\$46 thousand); and detention center food services (\$23 thousand).
 - Supplies were under spent by \$295 thousand, primarily in public works (\$125 thousand), public safety (\$57 thousand) and general government (\$49 thousand).
 The largest line-item savings were for equipment repair supplies related to solid waste (\$94 thousand) and the sheriff's office (\$22 thousand).

- Transfers Out were underutilized by \$523 thousand, mainly for the Department of Aging (\$337 thousand) and Housing and Community Services (\$81 thousand).
 These transfers did not take place because eligibility criteria were not met.
- Final Budgeted <u>Capital Outlay</u> was \$1.5 million for the year, while actual costs were \$750 thousand. Capital outlay was underspent by \$707 thousand (48.5 percent), mostly in public safety (\$469 thousand) and public works (\$183 thousand), for a variety of reasons relating to the specific items to be purchased.

Capital Assets and Debt Administration

Capital assets: Queen Anne's County Government's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$237.5 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, improvements other than buildings, infrastructure, autos, machinery and equipment.

Capital asset activities, net of depreciation, are summarized as follows:

	Governmental Activities			Business Type Activities					Total			
Capital Assets, Net of Depreciation 2009		2008		2009		2008		2009			2008	
Land and Land Improvements	\$	78,853,728	\$	78,661,539	\$	14,209,466	\$	14,012,881	\$	93,063,194	\$	92,674,420
Construction in Progress		14,157,439		10,070,812		1,475,247		2,072,670		15,632,686		12,143,482
Buildings		20,418,727		20,310,045		13,089,146		13,308,995		33,507,873		33,619,040
Improvements other than Buildings		4,135,066		4,005,066		4,389,205		3,931,371		8,524,271		7,936,437
Infrastructure		9,197,613		8,892,964		50,059,533		50,998,221		59,257,146		59,891,185
Auto, Machinery, and Equipment		10,846,026		10,934,460		16,677,818		17,546,403		27,523,844		28,480,863
Total	\$	137,608,599	\$	132,874,886	\$	99,900,415	\$	101,870,541	\$	237,509,014	\$	234,745,427

Queen Anne's County's total investment in capital assets for the current fiscal year, net of depreciation, increased by 1.2 percent, or \$2.8 million. Of this amount, governmental investment in capital assets increased by \$4.7 million, of which \$4.1 million related to construction in progress, while business-type investment in capital assets decreased by \$2.0 million, due entirely to depreciation expense (\$3.7 million).

Changes in the County's capital assets are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

	Governmental Activities						
					F	Retirements	
Changes in Capital Assets		2008		Additions	a	nd Transfers	 2009
Land and Land Improvements	\$	78,661,539	\$	1,122,638	\$	(930,449)	\$ 78,853,728
Construction in Progress		10,070,812		6,040,429		(1,953,802)	14,157,439
Buildings		27,516,120		1,326,717		(879,623)	27,963,214
Improvements other than Buildings		4,667,381		77,570		182,726	4,927,677
Infrastructure		14,876,235		1,695		600,359	15,478,289
Auto, Machinery, and Equipment		25,258,536		1,810,154		(56,123)	 27,012,567
Total Assets before depreciation		161,050,623		10,379,203		(3,036,912)	168,392,914
Less Depreciation		(28,175,737)		(3,049,539)		440,961	(30,784,315)
Total Assets after depreciation	\$	132,874,886	\$	7,329,664	\$	(2,595,951)	\$ 137,608,599
				Business-Ty		ities Retirements	
Changes in Capital Assets		2008		Additions		nd Transfers	 2009
Land and Land Improvements	\$	14,012,881	\$	4,355	\$	192,230	\$ 14,209,466
Construction in Progress		2,072,670		745,731		(1,343,154)	1,475,247
Buildings		17,722,910		5,164		458,420	18,186,494
Improvements other than Buildings		5,712,571		14,867		679,952	6,407,390
Infrastructure		67,333,164		682,936		-	68,016,100
Auto, Machinery, and Equipment		22,794,147		248,491		12,552	 23,055,190
Total Assets before depreciation		129,648,343		1,701,544		-	131,349,887
Less Depreciation		(27,777,801)		(3,671,671)			 (31,449,472)
Total Assets after depreciation	\$	101,870,542	\$	(1,970,127)	\$	-	\$ 99,900,415

Noteworthy capital asset events during the current fiscal year for governmental activities included the following:

Land and Land Improvements increased by \$1.1 million and decreased by a net of \$931 thousand. Additions include two tracts of undeveloped land, located in Chester and Grasonville, that were purchased for \$505 thousand and \$603 thousand, respectively. The first parcel is earmarked for use by Parks and Recreation, while the future use of the latter parcel is still being evaluated. Retirements and Transfers consist of one large land retirement offset by three small additions. During fiscal year 2007, a parcel of land, located near Sudlersville and consisting of 142 acres, was acquired with the understanding that 40 acres of that land would be transferred to the Board of Education for their use, but only after certain events had transpired. During fiscal year 2009, all requirements had been met and the property, valued at \$1.1 million, was permanently transferred to the Board of Education. Offsetting this transaction were reclassifications to land and land improvements from construction in progress, which include three parcels to augment various County walking trails, located as follows: Sudlersville Park (\$44 thousand); Church Hill (\$42 thousand); and Kent Island South Trail Spur/Chews Manor (\$47 thousand).

- Construction in Progress (CIP) increased by \$6.0 million and decreased by \$2.0 million. Additions include projects still under construction at year end such as: expansion of the existing Detention Center Facility (\$2.3 million); development of White Marsh Park (\$1.1 million); construction of a County Transit Garage (\$949 thousand); upgrade of the Centreville Recycling Facility (\$345 thousand); improvement of the local 4-H Park (\$293 thousand); renovation of the Matapeake Club House facility (\$244 thousand); upgrade of Wells Cove Public Landing (\$186 thousand); and construction of infrastructure to access the new Emergency Room Medical facility associated with the University of Maryland medical system and located in Grasonville (\$185 thousand). Retirements and Transfers consist almost entirely of CIP projects completed during the year and transferred to other asset accounts. The larger projects include: reconstruction of the Groff Road Bridge (\$602 thousand); completion of a salt storage shed for Roads (\$209 thousand); renovation of the animal control building (\$122 thousand); and purchase of turf equipment for park maintenance (\$112 thousand).
- <u>Buildings and Improvements</u> increased by \$1.3 million and decreased by \$880 thousand. Additions include the following projects: renovation of the animal control viewing rooms and roof (\$122 thousand); construction of a roads salt storage building (\$229 thousand), as noted above; and construction of the Sudlersville Park restroom and improvements (\$109 thousand). In addition, the Chesapeake Exploration and Visitor Center (\$886 thousand) was re-assigned from the Parks and Recreation Department to the Economic Development Office, to reflect current use of this property.
- <u>Infrastructure</u> increased by \$602 thousand. This was entirely due to completion of a Roads project which was previously reported as construction in progress: reconstruction of the Groff Road Bridge (\$602 thousand).
- Auto, Machinery and Equipment increased by \$1.8 million and decreased by \$56 thousand. In addition to routine vehicle and equipment purchases and attrition, the County purchased the following items: three passenger buses to augment their "County Ride" public transportation system (\$369 thousand); four tractors to maintain the roads (\$255 thousand); a Sheriff's Department-wide vehicle camera system to improve officer safety (\$166 thousand); heavy equipment to better handle solid waste (\$158 thousand); an ambulance for emergency operations (\$132 thousand); and a Sheriff's Department-wide vehicle laptop system to improve officer efficiency (\$126 thousand).

Noteworthy capital asset events during the current fiscal year for <u>business-type activities</u> included the following:

- Construction in Progress (CIP) increased by \$746 thousand and decreased by \$1.3 million. Additions include: installation of a new well for the County's Business Park (\$289 thousand); improvements to site to expand the Airport northward (\$133 thousand); improvements to site to augment the Airport's runway approach (\$105 thousand); renovation of the Airport Building (\$74 thousand); and reconstruction of the Little Creek public landing (\$62 thousand). Retirements and Transfers consist entirely of CIP projects completed during the year and transferred to other asset accounts. The largest of these projects include: replacement of the Romancoke Pier (\$581 thousand); renovation of Christ Church as an historic structure (\$348 thousand); and final purchase of property located adjacent to the Airport (\$139 thousand).
- <u>Buildings</u> increased by \$464 thousand. Additions include renovation of Christ Church as an historic structure (\$348 thousand), reclassified from CIP above.
- <u>Improvements Other than Buildings</u> increased by \$695 thousand. Additions include replacement of the Romancoke Pier (\$581 thousand), reclassified from CIP above.

• <u>Infrastructure</u> increased by \$683 thousand, due entirely to developer-contributed improvements to extend or upgrade the County's water and sewer lines (\$212 thousand and \$471 thousand, respectively), thereby linking developer-owned property to the Sanitary District system.

Additional information on the County's capital assets can be found in Note 6 of this report.

Long-term debt: At the end of the current fiscal year, Queen Anne's County Government had total bonded debt, loans, capital leases, other post-employment benefit obligations, and compensated absence obligations of \$95.4 million for its governmental and business-type activities.

The full faith, credit and unlimited taxing power of the County are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonded debt.

Of this \$95.4 million in debt, \$24.0 million is considered to be self-supporting, in that obligations of the County's enterprise funds will be funded through charges and assessments related to the operations of those funds. In addition, the Sanitary District's Debt Service Fund holds total assets of \$6.7 million, which are restricted to payment of the Sanitary District's subsequent year's debt. See Note 10 on pages 89 to 91 for restricted assets and subsequent year debt service obligations.

Debt activities are summarized as follows:

Bonded Debt, Loans, and	 Governmental Activities				Business Type Activities				Total			
Compensated Absences	 2009		2008		2009		2008		2009		2008	
Bonds, Notes, Premiums and												
Deferred Debt Costs	\$ 65,480,470	\$	70,663,063	\$	23,083,523	\$	25,005,991	\$	88,563,993	\$	95,669,054	
Other Post-Employment Benefit Obligation	3,688,090		-		615,955		-		4,304,045		-	
Compensated Absences	 2,243,389	_	1,969,026	_	264,322	_	243,176	_	2,507,711	_	2,212,202	
Total Long-term Debt	\$ 71,411,949	\$	72,632,089	\$	23,963,800	\$	25,249,167	\$	95,375,749	\$	97,881,256	

During the current fiscal year, the County's total net debt decreased by \$2.5 million (2.6 percent). Of this amount, governmental debt decreased by \$1.2 million (1.7 percent), while business-type debt decreased by \$1.3 million (5.1 percent). In general, these changes reflected changes in accruals, plus the County's repayment of existing debt in accordance with established repayment schedules for bonds, notes, and capital lease agreements.

Additional information on the County's long-term debt can be found in Note 9, pages 80 to 88, of this report.

The public local laws of Queen Anne's County limit the amount of general obligation debt to no more than \$8.0 million, unless authorized under specific legislation. Currently, approximately \$6.9 million of this authority is available. All other debt has been authorized under specific legislation. Additional information on the computation of the legal debt margin can be found in Table 12 of the Statistical Section of this report.

During the fiscal year 2009, Queen Anne's County Government continued to maintain an "AA" rating from Fitch Rating Service and an "A1" rating from Moody's Investors Service.

Economic Factors and Next Year's Budget and Rates

The following economic factors were considered in preparing Queen Anne's County Government's operating and capital budgets for the 2010 fiscal year:

- Property assessments are projected to grow by 6.3 percent over the previous year, based on State Assessment Office values used to compute the Constant Yield rate.
- For the 2010 fiscal year, the County Commissioners adopted a property tax rate of \$.770 per \$100 of assessed value of real property, based on full cash value of that property. This is the same rate used for the 2009 fiscal year.
- Income tax revenue is projected to remain virtually flat compared to the previous year.
- During budget deliberations, the County considered the following risk management options and incorporated them into the finished document to a degree:
 - Postponing capital projects based on cost/benefit considerations; and
 - Using bond proceeds to fund capital projects in lieu of pay-as-you-go to preserve cash.
- In the past, the County funded all roads' maintenance with Highway User Tax revenue received from the State. Early in fiscal year 2010, the State reduced its distribution of Highway User Tax from over \$5.0 million in fiscal year 2009 to \$260 thousand in fiscal year 2010. In response, the County amended its fiscal year 2010 budget by transferring \$4.7 million from the General Fund to the Roads Operating Fund and re-allocating certain other Roads expenditures. The net effect is to replace Highway User Tax revenue with County funding to maintain County roads during fiscal year 2010.
- In November 2009, which is fiscal year 2010, the County issued bonds for \$29.9 million.
 Funds from these bonds were allocated to cover a number of capital projects, in keeping
 with bond covenants, for which most expenditures had been made in fiscal years 2008
 and 2009.

Requests for information

This financial report is designed to provide a general overview of Queen Anne's County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Accounting Officer, Queen Anne's County Finance Office, 107 N. Liberty Street, Centreville, Maryland 21617. This report can also be found on the County's website, http://www.qac.org (see Departments, Finance, Financial Reports and Forms, Link to 2009 Comprehensive Annual Financial Report (CAFR)).

Basic Financial Statements

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET ASSETS JUNE 30, 2009

	PR	IMARY GOVERNMEN	Т
	GOVERNMENTAL	BUSINESS-TYPE	-
	ACTIVITIES	ACTIVITIES	TOTAL
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 31,466,487	\$ 8,883,273	\$ 40,349,760
Cash and Cash Equivalents	-	-	-
Taxes Receivable (Net)	340,185	-	340,185
Accounts and Loans Receivable (Net)	3,871,551	635,057	4,506,608
Special Assessments (Net)	1,341,910	-	1,341,910
Internal Balances	40,507	(40,507)	-
Due from Primary Government	-	-	-
Due from Component Units	454,157	-	454,157
Due from Other Governments	16,516,890	124,310	16,641,200
Inventories	392,307	377,148	769,455
Prepaid Items	16,067	9,950	26,017
Restricted Assets:			
Equity in Pooled Cash and Investments	-	12,449,980	12,449,980
Investments	-	-	-
Accounts Receivable (Net)	-	51,141	51,141
Special Assessments Receivable (Net)	-	3,977,350	3,977,350
Capital Assets:			
Nondepreciable Assets	93,011,167	15,684,713	108,695,880
Depreciable Assets, Net	44,597,432	84,215,702	128,813,134
Total Assets	192,048,660	126,368,117	318,416,777
<u>LIABILITIES</u>			
Accounts Payable and Other Current Liabilities	2,900,912	555,031	3,455,943
Accrued Interest Payable	803,131	148,558	951,689
Due to Primary Government	-	-	-
Due to Component Units	635,771	-	635,771
Due to Other Governmental Agencies	623,955	-	623,955
Unearned Revenue	2,544,592	809,449	3,354,041
Escrow Deposits	-	55,046	55,046
Liabilities Payable from Restricted Assets:			
Unearned Revenue	-	3,802,870	3,802,870
Noncurrent Liabilities:			
Due within One Year	6,620,689	2,178,420	8,799,109
Due in More than One Year	64,791,260	21,785,380	86,576,640
Total Liabilities	78,920,310	29,334,754	108,255,064
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	123,217,989	77,146,688	200,364,677
Restricted for:	-, ,	, -,	,,-
Governmental Activities	16,582,660	-	16,582,660
Debt Service	-	4,020,982	4,020,982
Capital/Debt Service	-	7,486,611	7,486,611
Business-type Operations	-	7,625,782	7,625,782
Capital Projects	-	753,300	753,300
Other Purposes	-	-	
Unrestricted Net Assets (Deficit)	(26,672,299)	<u>-</u>	(26,672,299)
(20.0.0)	(20,0:2,200)		
Total Net Assets	\$ 113,128,350	\$ 97,033,363	\$ 210,161,713
. 5.6. 1101/100010	1 10,120,000	\$ 0.,000,000	ψ 210,101,710

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET ASSETS JUNE 30, 2009

(CONTINUED)

	COMPONENT UNIT	3
BOARD OF	COMPONENT UNITS FREE	HOUSING
EDUCATION	LIBRARY	AUTHORITY
Φ.	Φ.	Ф 4.050.000
\$ -	\$ -	\$ 1,059,036
11,629,219	625,634	333,652
-	-	-
558,527	17,589	6,727
-	-	-
-	-	-
1,125,352	-	-
-	-	-
604,299	-	630,578
44,180	-	-
59,471	1,100	76,087
,	,	-,
-	634,754	-
-	-	100,867
-	-	100,007
-	-	-
0= 100		40.005.00
25,133,888	29,850	10,023,637
109,644,191	879,102	12,521,341
148,799,127	2,188,029	24,751,925
9,875,094	65,901	61,625
-	-	12,133
_	-	454,157
-	-	-
-	_	-
440,064	-	20,849
-	-	100,867
-	-	-
286,701	-	68,485
5,104,067	139,766	1,764,358
15,705,926	205,667	2,482,474
134,614,383	908,952	20,712,135
101,011,000	000,002	20,1 12,100
-	-	-
-	-	-
-	-	-
-	-	-
12,313	· · · · ·	2,125,296
78,983	10,500	-
(1,612,478)	1,062,910	(567,980)
\$ 133,093,201	\$ 1,982,362	\$ 22,269,451

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

		PRIMARY GOVERNMEI			ENT					
						PERATING		CAPITAL		
			СН	ARGES FOR	GI	RANTS AND	GR	ANTS AND		TOTAL
FUNCTIONS	1	EXPENSES	;	SERVICES	CON	NTRIBUTIONS	CON	TRIBUTIONS	1	REVENUE
PRIMARY GOVERNMENT										
Governmental Activities										
General Government	\$	13,317,683	\$	1,055,945	\$	403,018	\$	5,567	\$	1,464,530
Public Safety		23,570,049		1,394,463		1,266,869		273,176		2,934,508
Public Works		10,237,718		714,765		7,566,648		298,500		8,579,913
Health		1,590,004		-		-		-		-
Social Services		5,617,621		68,386		2,928,291		348,124		3,344,801
Education		53,296,238		740,213		8,050		161,673		909,936
Parks & Recreation		5,060,018		240,954		509		1,087,329		1,328,792
Library		1,414,008		-		-		-		-
Conservation of Natural Resources		2,473,308		97,481		55,847		691,085		844,413
Economic/Community Development		2,197,116		4,786		641,305		-		646,091
Interest and Fiscal Charges		2,831,002		-		-		-		-
Total Governmental Activities		121,604,765		4,316,993		12,870,537		2,865,454		20,052,984
Business-type Activities										
Water and Sewer		10,689,782		7,695,100		-		682,935		8,378,035
Parks & Recreation		2,178,163		1,526,244		45,824		69,068		1,641,136
Public Marinas		38,050		100,250		-		-		100,250
Airport		879,906		34,907		<u>-</u>		289,112		324,019
Total Business-type Activities	<u></u>	13,785,901		9,356,501		45,824		1,041,115		10,443,440
Total Primary Government	\$	135,390,666	\$	13,673,494	\$	12,916,361	\$	3,906,569	\$	30,496,424
COMPONENT UNITS										
Board of Education	\$	98,171,138	\$	1,647,805	\$	17,565,782	\$	-	\$	19,213,587
Free Library		1,836,342		7,727		108,132		-		115,859
Housing Authority	<u> </u>	2,875,677		1,090,628		1,247,615		921,898		3,260,141
Total Component Units	\$	102,883,157	\$	2,746,160	\$	18,921,529	\$	921,898	\$	22,589,587
					Gene	eral Revenues				
					Lo	cal Property Tax				
					Lo	cal Income Tax				
					Ot	her Local Taxes				
						Admission and A	museme	nt Taxes		
						Recordation Tax	es			
						Hotel Taxes				
						County Transfer				
							utions No	Restricted to Spe	ecific Pro	ograms
						vestment Income				
						ain on Sale of Car	oital Asse	ts		
						scellaneous				
					ı ran	sfers In (Out)				
					To	otal General Reve	nues and	Transfers		
						Change in Net As	sets			
								Y		
					rotal	Net Assets - Beg	inning of	rear		
					Total	Net Assets - End	l of Year			
The second of the best		aial statements			C 41 .					

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

GOV		DIVAVO	V COVEDNIATE.	т		COMPONENT LINITS						
GUV	/ERNMENTAL		Y GOVERNMEN	I		BOARD OF FREE HOUSING						
			SINESS-TYPE		TOTAL							
	ACTIVITIES		ACTIVITIES		TOTAL		EDUCATION		LIBRARY	Α	UTHORITY	
\$	(11,853,153)	\$	-	\$	(11,853,153)	\$	-	\$	-	\$		
	(20,635,541)		-		(20,635,541)		-		-			
	(1,657,805)		-		(1,657,805)		-		-			
	(1,590,004)		-		(1,590,004)		-		-			
	(2,272,820)		-		(2,272,820)		-		-			
	(52,386,302)		-		(52,386,302)		-		-			
	(3,731,226)		-		(3,731,226)		-		-			
	(1,414,008)		-		(1,414,008)		-		-			
	(1,628,895)		-		(1,628,895)		-		-			
	(1,551,025)		-		(1,551,025)		-		-			
	(2,831,002)		<u> </u>		(2,831,002)		<u>-</u>	_	<u> </u>			
	(101,551,781)				(101,551,781)		-					
	-		(2,311,747)		(2,311,747)				-			
	-		(537,027)		(537,027)		-		-			
	-		62,200		62,200		-		-			
	-		(555,887)		(555,887)		-		-			
	<u> </u>		(3,342,461)		(3,342,461)		<u>-</u>		<u>-</u>	_		
\$	(101,551,781)	\$	(3,342,461)	\$	(104,894,242)	\$		\$	-	\$		
	(- , , -)		(272 7 2 7		(2 /22 / /							
	_		_		-		(78,957,551)		_			
	-		-		-		-		(1,720,483)			
	-		-		<u> </u>				-		384,4	
	_		_		_		(70.057.554)		(4.720.492)		204	
	-	_	<u> </u>	_	<u> </u>		(78,957,551)	_	(1,720,483)		384,4	
	55,000,444				55,000,444							
	55,362,114				55,362,114		-					
	34,834,937		<u>-</u>		34,834,937		-		-			
	235,588		-		235,588		-		-			
	3,565,584		-		3,565,584		-		-			
	428,998		-		428,998		-		-			
	1,103,095		-		1,103,095		-		-			
	-		-		-		82,095,123		1,489,525		271,9	
	642,472		595,279		1,237,751		33,655		20,198		13,5	
	1,540,404		-		1,540,404		-		-			
	2,182,525		918,688		3,101,213		287,234		89,001			
	(3,348,074)		3,348,074				<u>-</u>		-			
	96,547,643		4,862,041		101,409,684		82,416,012		1,598,724		285,5	
	,,		, ,		- ,,		- ,,		,			
	(F 004 130)		1,519,580		(3,484,558)		3,458,461	_	(121,759)	_	669,9	
	(5,004,138)											
	118,132,488		95,513,783		213,646,271		129,634,740		2,104,121		21,599,4	

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

1005770		GENERAL FUND		GENERAL CAPITAL		ROADS CAPITAL	IMI	SCHOOL PACT FEES CAPITAL
<u>ASSETS</u>	•	10 100 150	•	5.070.404	•	0.575.000	•	4 004 000
Cash and Cash Equivalents	\$	12,138,458	\$	5,378,481	\$	3,575,008	\$	1,621,088
Prepaid Items Receivables		16,067		-		-		-
		106 942		142 242				
Taxes Receivable (Net)		196,843 233,002		143,342		24 4 9 2		156 900
Accounts and Loans Receivable (Net)		233,002		8,795		21,182		156,809
Special Assessments (Net)		14 605 200		440.605		570,024		-
Due from Other Governments		14,685,398		442,605		-		-
Due from Other Funds		302,068		40,000		-		-
Due from Component Units		454,157		-		-		-
Inventory		4,000		<u>-</u>				-
Total Assets	\$	28,029,993	\$	6,013,223	\$	4,166,214	\$	1,777,897
LIABILITIES AND FUND BALANCES								
Liabilities								
Accrued Liabilities	\$	1,761,848	\$	475,402	\$	-	\$	-
Due to Other Funds		-		-		-		-
Due to Component Units		-		635,771		-		-
Due to Other Governmental Agencies		-		3,008		-		-
Deferred Revenue	_	11,242,702		69,826		629,992	_	156,809
Total Liabilities		13,004,550		1,184,007		629,992		156,809
Fund Balances								
Reserved								
Encumbrances		120,948		7,508,234		1,030,752		-
Loans Receivable		-		-		-		156,809
Prepaid Items		16,067		-		-		-
Inventory		4,000		-		-		-
Donor-Specified Purposes		94,436		-		-		-
Contingencies		7,271,414		-		-		-
Other Reserved Purposes - Other		1,136,735		-		-		-
Other Reserved Purposes - Highway Activities		-		_		-		_
Other Reserved Purposes - Capital Projects		_		176,741		343,550		_
Total Reserved		8,643,600		7,684,975		1,374,302		156,809
Unreserved		-,,		,		,,		32,230
Designated for Subsequent Years' Expenditures		6,305,856		_		_		_
Designated for Capital Projects		-,0,000		-		1,460,770		1,464,279
Undesignated, reported in						,,		, , ,,,,,,,,
General Fund		75,987		-		-		_
Capital Project Funds		-,		(2,855,759)		701,150		_
Special Revenue Funds		-		-				_
Total Unreserved		6,381,843		(2,855,759)		2,161,920		1,464,279
Total Fund Balances		15,025,443		4,829,216		3,536,222		1,621,088
Total Liabilities and Fund Balances	\$	28,029,993	\$	6,013,223	\$	4,166,214	\$	1,777,897

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

(CONTINUED)

	ROADS BOARD		ON-MAJOR ERNMENTAL		GO	TOTAL VERNMENTAL FUNDS
\$	2,961,784	\$	5,791,668		\$	31,466,487 16,067
	_		_			340,185
	29,366		3,422,397			3,871,551
	-		771,886			1,341,910
	747,831		641,056			16,516,890
	-		-			342,068
	-		-			454,157
	388,307					392,307
\$	4,127,288	\$	10,627,007	:	\$	54,741,622
\$	209,637	\$	454,025		\$	2,900,912
Ť	-	•	301,561		•	301,561
	-		-			635,771
	-		620,947			623,955
	604,199		1,068,898			13,772,426
	813,836		2,445,431			18,234,625
	_		_			8,659,934
	-		3,399,042			3,555,851
	-		-			16,067
	388,307		-			392,307
	-		1,050			95,486
	-		-			7,271,414
	490,479		1,077,738			2,704,952
	2,434,666		-			2,434,666
						520,291
	3,313,452		4,477,830			25,650,968
	_		_			6,305,856
	_		952,626			3,877,675
			,			2,211,212
	-		-			75,987
	-		-			(2,154,609)
	=		2,751,120			2,751,120
	<u>-</u>		3,703,746			10,856,029
	3,313,452		8,181,576			36,506,997
\$	4,127,288	\$	10,627,007	:	\$	54,741,622



QUEEN ANNE'S COUNTY, MARYLAND RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

Total Fund Balance - Governmental Funds		\$ 36,506,997
Amounts reported for Governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental fund activities are not financial resources and therefore are not reported in the funds.		
ADD Nondepreciable capital assets Land and Land Improvements Infrastructure Construction in Progress	\$ 38,850,322 40,003,406 14,157,439	93,011,167
ADD Depreciable capital assets Buildings Improvements other than Buildings Machinery and Equipment Automobiles and Trucks Infrastructure Less Accumulated depreciation	 27,963,214 4,927,677 18,174,835 8,837,732 15,478,289 (30,784,315)	44,597,432
Revenues that are deferred in the governmental funds because they do not provide current financial resources are recognized as revenues in the Statement of Activities.		
ADD Property Taxes deferred in governmental funds ADD Income Taxes deferred in governmental funds ADD Loans receivable deferred in governmental funds	 81,977 9,048,173 2,097,684	11,227,834
Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore are not reported in the funds.		
SUBTRACT Accrued Interest Payable SUBTRACT Long-Term Liabilities Due within One Year		(803,131)
Accrued Compensated Absences Bonds and Notes Payable	(1,555,115) (5,065,574)	(6,620,689)
SUBTRACT Long-Term Liabilities Due in More than One Year Other Post-Employment Benefit Obligation Accrued Compensated Absences Bonds and Notes Payable	(3,688,090) (688,274) (60,414,896)	(64,791,260)
Total Net Assets - Governmental Activities	, , , , -1	\$ 113,128,350

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	GENERAL CAPITAL	ROADS CAPITAL	SCHOOL IMPACT FEES CAPITAL
REVENUES				
Taxes				
Local Property Tax	\$ 55,337,698	\$ -	\$ -	\$ -
Local Income Tax	35,988,334	-	-	-
Admission and Amusement Taxes	176,691	-	-	-
Recordation Taxes	2,930,197	-	-	-
Hotel Taxes	428,998	-	-	-
County Transfer Taxes	-	1,103,095	-	-
State Shared Taxes	-	-	-	-
Licenses and Permits	874,639	-	-	-
Intergovernmental	1,991,356	1,672,568	216,673	740.040
Charges for Current Services	1,777,167	83,427	57,240	740,213
Fines and Forfeitures	30,874	-	-	-
Investment Income	397,616	29,522	78,531	33,535
Donations	10,344	8,559	-	-
Miscellaneous	1,771,223	72,989	622	
Total Revenues	101,715,137	2,970,160	353,066	773,748
EXPENDITURES				
Current				
General Government	9,871,927	886,416	-	-
Public Safety	20,083,251	25,109	-	-
Public Works	3,319,967	40,350	-	-
Health	1,572,848	-	-	-
Social Services	243,535	52,344	-	-
Education	48,856,359	4,492,154	-	-
Parks and Recreation	2,885,148	260,219	-	-
Library	1,390,398	-	-	-
Conservation of Natural Resources	540,541	-	-	-
Economic/Community Development	1,148,312	327,855	-	-
Miscellaneous	702,558	4,234	-	-
Capital Outlay	750,431	7,378,918	33,363	-
Debt Service				
Principal	5,065,347	-	-	-
Debt Issuance Costs	-	(423)	-	-
Interest and Fiscal Charges	2,778,490		<u> </u>	
Total Expenditures	99,209,112	13,467,176	33,363	
Excess of Revenues Over (Under) Expenditures	2,506,025	(10,497,016)	319,703	773,748
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	122,780	-	-	-
Bond Premiums	-	(423)	-	-
Proceeds of Capital Asset Disposals	9,554	-	-	-
Insurance Proceeds	19,404	4,191	-	-
Transfers In	2,020,214	41,483	-	-
Transfers Out	(2,573,612)	(3,808,465)	(20,000)	(1,408,120)
Other Financing Sources (Uses)	(401,660)	(3,763,214)	(20,000)	(1,408,120)
Net Increase (Decrease) in Fund Balances	2,104,365	(14,260,230)	299,703	(634,372)
Fund Balances, July 1	12,921,078	19,089,446	3,236,519	2,255,460
Fund Balances, June 30	\$ 15,025,443	\$ 4,829,216	\$ 3,536,222	\$ 1,621,088

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

	(0011111011)	
		TOTAL
ROADS	NON-MAJOR	GOVERNMENTAL
	GOVERNMENTAL	
BOARD	GOVERNIVIENTAL	FUNDS
\$ -	\$ 36,355	\$ 55,374,053
-	-	35,988,334
-	58,897	235,588
-	635,387	3,565,584
-	-	428,998
_	_	1,103,095
7,542,182	49,647	7,591,829
- ,0 .2, .02	-	874,639
95,935	4,073,163	8,049,695
223,580	445,069	
223,360		3,326,696
	84,784	115,658
33,599	69,669	642,472
-	57,964	76,867
253,247	84,444	2,182,525
8,148,543	5,595,379	119,556,033
_	83,136	10,841,479
_	374,878	20,483,238
5,318,398	-	8,678,715
-	_	1,572,848
_	4 722 614	
-	4,733,614	5,029,493
-	-	53,348,513
-	-	3,145,367
-	-	1,390,398
-	1,904,811	2,445,352
-	492,420	1,968,587
-	-	706,792
283,142	149,118	8,594,972
-	24,000	5,089,347
-	-	(423)
		2,778,490
5,601,540	7,761,977	126,073,168
2,547,003	(2,166,598)	(6,517,135)
2,011,000	(2,100,000)	(0,0 11,100)
-	-	122,780
-	_	(423)
3,201	51,334	64,089
9,897	11,415	44,907
30,616	3,357,186	5,449,499
30,010	(1,069,075)	(8,879,272)
	<u> </u>	
43,714	2,350,860	(3,198,420)
2,590,717	184,262	(9,715,555)
722,735	7,997,314	46,222,552
\$ 3,313,452	\$ 8,181,576	\$ 36,506,997

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Change in Fund Balances - Total governmental funds, per Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds

\$ (9,715,555)

Amounts reported for governmental activities in the Statement of Activities are different because

Capital outlay expenditures are reported in Governmental Funds during the year. However, in the Statement of Activities, costs for capital asset purchases are allocated over the estimated useful lives of those assets and reported as depreciation expense over a number of years. Therefore, the change in assets differs from the change in fund balance by the amount of capital asset purchases that will be capitalized and depreciated over a number of years, less the offsetting depreciation expense for the current year.

<u>Proceeds received on disposal of capital assets are reported in Governmental Funds as current financial</u> resources. In the Statement of Activities, only the gain or (loss) realized on disposal of capital assets is reported. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold, net of accumulated depreciation (i.e., book value).

In addition, developer contributions of capital assets (primarily infrastructure) are not reported in Governmental Funds because they do not represent current financial resources available to cover this year's expenditures. Thus, the change in net assets differs from the change in fund balance by the value of capital assets received.

Donated Capital Assets are not reported in Governmental Funds because they are not current financial resources.

However, in the Statement of Activities, they are recognized as capital contributions and as capital assets.

The following is a summary of the net increase in capital assets, which is detailed in Note 6 - Capital Assets - Primary Government.

ADD capital assets acquired as capital outlay	\$ 1,191,696
ADD book value of traded/transferred assets	1,461,486
ADD capital assets resulting from force-in-kind expenditures	296,140
ADD capital assets resulting from general capital projects	8,657,193
ADD capital assets resulting from roads capital projects	33,363
ADD donated equipment & vehicles	17,600
SUBTRACT general capital project retirements	(1,278,275)
SUBTRACT book value of disposed capital assets, net of accumulated depreciation	(2,595,951)
SUBTRACT current year depreciation expense	(3,049,539)

Net Increase in Capital Assets \$ 4,733,713

The accompanying notes to the basic financial statements are an integral part of this statement.

CONTINUED

QUEEN ANNE'S COUNTY, MARYLAND RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

venues that are earned but not collected within sixty days after the end of the fiscal year are not considered to b "available" to meet current cash requirements and are deferred in the Governmental Funds to the following year		
However, these revenues are recognized in the Statement of Activities. The amount by which this type of		
deferred revenue increased or (decreased) relative to the prior year is as follows:		
ADD current year's Property Tax Deferred Revenue	\$ 81,977	
SUBTRACT prior year's Property Tax Deferred Revenue	(93,916)	
	\$	(11,939)
ADD current year's Income Tax Deferred Revenue	9,048,173	,
SUBTRACT prior year's Income Tax Deferred Revenue	(10,201,570)	
		(1,153,397)
uance of long-term debt (e.g., bonds, notes, and capital leases) provides current financial resources to		
Governmental Funds, while repayment of principal due for long-term debt consumes current resources.		
In the Statement of Net Assets, issuing debt increases long term liabilities, while repayment reduces		
those liabilities.		
ADD retirements and repayments made on long term debt		
General Bonds Payable	5,331,424	
Notes Payable	32,214	
Bond Premiums, Net of Issuance Costs	64,723	
Deferred Refunding Costs	(170,484)	
Capital Leases	47,496	
	5,305,373	
SUBTRACT proceeds of CELP Loan	(122,780)	
SUBTRACT College reimbursement received	(206,625)	
ADD County's allocation to College for debt	52,275	
•		5,028,243
me accrued expenses, reported in the Statement of Activities, do not require the use of current financial		
resources and are not reported as expenditures in the Governmental Funds. The net amount by which		
these accruals increased or (decreased) over the prior period is as follows:		
ADD prior year's Accrued Interest Payable	880,381	
SUBTRACT current year's Accrued Interest Payable	(803,131)	
		77,250
ADD prior year's Accrued Compensated Absences	1,969,026	
SUBTRACT current year's Accrued Compensated Absences	(2,243,389)	/·
ADD prior yearly Approach Other Rept Employment Panefit Obligation		(274,363)
ADD prior year's Accrued Other Post Employment Benefit Obligation SUBTRACT current year's Accrued Other Post Employment Benefit Obligation	(3,688,090)	
CODITION Canton years Accured Other Fost Employment Denent Obligation	(3,000,030)	(3,688,090)
		(5,000,000)

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET ASSETS ENTERPRISE FUNDS JUNE 30, 2009

	SEWER	SANITARY DISTRICT WATER	RESTRICTED	
ASSETS	OPERATIONS	OPERATIONS	FUND	
Current Assets	·	· · · · · · · · · · · · · · · · · · ·		
Unrestricted				
Equity in Pooled Cash	\$ 5,395,580	\$ 2,479,963	\$ -	
Accounts Receivable (Net)	300,348	135,474	-	
Due from Other Funds	40,341	-	-	
Due from Other Governments Inventories	336,079		-	
Prepaid Expenses	330,079		-	
Restricted				
Restricted Equity in Pooled Cash	-	_	8,269,792	
Restricted Accounts Receivable (Net)	-	_	10,119	
Total Current Assets	6,072,348	2,615,437	8,279,911	
Noncurrent Assets				
Restricted				
Special Assessments Receivable (Net)			1,486,365	
Carital Assats				
Capital Assets Land, Improved and Unimproved	816,331			
Buildings and Improvements to Buildings	14,265,248	139,477		
Improvements Other Than Buildings	1,615,474	128,152		
Automotive Equipment	926,651	127.402	-	
Equipment	19,904,258	1,028,023	-	
Furniture and Fixtures	46,715	5,727	-	
Infrastructure Improvements	48,091,579	19,924,521	-	
Construction in Progress	53,700	320,306		
Capital Assets before Depreciation	85,719,956	21,673,608	-	
Less Accumulated Depreciation	(22,596,438)	(5,535,995)		
Total Capital Assets, Net of				
Accumulated Depreciation	63,123,518	16,137,613		
Total Noncurrent Assets	63,123,518	16,137,613	1,486,365	
Total Assets	69,195,866	18,753,050	9,766,276	
LIABILITIES				
Current Liabilities				
Payable from Unrestricted Assets				
Accounts Payable	172,175	203,323	-	
Accrued Interest Payable	118,148	10,834	-	
Escrow Deposits	36,562	-	-	
Due to Other Funds	-	-	40,000	
Unearned Revenue	791,129	•	-	
Current Portion of Compensated Absences	112,681	40,397	-	
Current Portion of Bonds/Notes Payable	1,420,889	413,497	-	
Payable from Restricted Assets Current Portion of Bonds Payable		-	-	
Total Current Liabilities	2,651,584	668,051	40,000	
Noncurrent Liabilities				
Payable from Unrestricted Assets				
Compensated Absences	49,871	17,879	-	
Other Post-Employment Benefit Obligation	391,192	105,016	-	
Bonds/Notes Payable	17,969,301	1,482,605	-	
Payable from Restricted Assets				
Unearned Revenue			1,486,365	
Total Noncurrent Liabilities	18,410,364	1,605,500	1,486,365	
Total Liabilities	21,061,948	2,273,551	1,526,365	
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	43,733,328	14,241,511	-	
Restricted for:				
Debt Service	•	-	750.000	
Capital Projects	4 400 500	2 227 222	753,300	
Unrestricted	4,400,590	2,237,988	7,486,611	
Total Net Assets	\$ 48,133,918	\$ 16,479,499	\$ 8,239,911	

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF NET ASSETS ENTERPRISE FUNDS

JUNE 30, 2009

		(CONTINUED)		TOTAL
				PRIMARY
SANITARY	DISTRICT		NON-MAJOR	GOVERNMENT
DEBT SERVICE		BAY BRIDGE	ENTERPRISE	ENTERPRISE
FUND	TOTAL	AIRPORT	FUNDS	FUNDS
-	\$ 7,875,543	\$ -	\$ 1,007,730	\$ 8,883,27
	435,822	114,043	85,192	635,05
_	40,341	-	40,000	80,34
_	-	43,106	81,204	124,31
_	336,079	32,637	8,432	377,14
-	-	-	9,950	9,95
4,180,188	12,449,980	-	-	12,449,98
41,022	51,141			51,14
4,221,210	21,188,906	189,786	1,232,508	22,611,20
2,490,985	3,977,350			3,977,35
-	816,331	10,670,168	2,722,967	14,209,46
-	14,404,725	1,121,799	2,659,970	18,186,49
-	1,743,626	2,146,831	2,516,933	6,407,39
-	1,054,053	59,470	83,445	1,196,96
-	20,932,281	43,084	796,321	21,771,68
-	52,442	3,344	30,750	86,53
-	68,016,100	-	-	68,016,10
	374,006	897,399	203,842	1,475,24
-	107,393,564	14,942,095	9,014,228	131,349,88
<u> </u>	(28,132,433)	(2,093,396)	(1,223,643)	(31,449,47
-	79,261,131	12,848,699	7,790,585	99,900,41
0.400.005				
2,490,985	83,238,481	12,848,699	7,790,585	103,877,76
6,712,195	104,427,387	13,038,485	9,023,093	126,488,96
_	375,498	44,088	135,445	555,03
4,571	133,553	7,922	7,083	148,55
-	36,562	7,730	10,754	55,04
40,341	80,341	-	40,507	120,84
-	791,129	3,268	15,052	809,44
_	153,078	7,000	23,150	183,22
-	1,834,386	34,304	80,046	1,948,73
46,456	46,456			46,45
91,368	3,451,003	104,312	312,037	3,867,35
	67.750	2 000	40.040	04.00
-	67,750 496,208	3,098 43,172	10,246 76,575	81,09 615,95
283,340	19,735,246	493,574	859,511	21,088,33
2,316,505	3,802,870	-	-	3,802,87
2,599,845	24,102,074	539,844	946,332	25,588,25
2,691,213	27,553,077	644,156	1,258,369	29,455,60
2,001,213	21,000,011	044,130	1,200,309	29,405,60
-	57,974,839	12,320,821	6,851,028	77,146,68
4,020,982	4,020,982	-	-	4,020,98
-	753,300	-	-	753,30
			040.000	45 440 00
	14,125,189	73,508	913,696	15,112,39

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	SANITARY DISTRICT					
		SEWER		WATER	RE	STRICTED
	OP	PERATIONS	_	OPERATIONS	-	FUND
OPERATING REVENUES Charges for Services	\$	4,662,820	\$	1,896,791	\$	618,107
Intergovernmental	Ψ	-	•	-	Ψ	-
Material Sales		1,715		6,607		-
Miscellaneous Revenues		52,490	_	140,100		-
Total Operating Revenues		4,717,025	_	2,043,498		618,107
OPERATING EXPENSES						
Cost of Sales and Services		0.000.400				
Collection Distribution		2,202,132		- 118,040		-
Treatment		1,311,452		992,654		-
Shop		198,702		76,186		-
Airport		-		-		-
Parks and Recreation		-		-		-
Public Marinas				<u>-</u> _		-
Total Cost of Sales and Services		3,712,286		1,186,880		-
Administration and Inspection		1,301,574		625,584		-
Depreciation		2,879,864	_	461,761		-
Total Operating Expenses		7,893,724		2,274,225		
Operating Income (Loss)		(3,176,699)	_	(230,727)		618,107
NON-OPERATING REVENUES (EXPENSES)						
Investment Income		108,340		49,658		244,666
Interest Expense		(363,493)		(130,663)		-
Gain on Disposal of Capital Assets		-	_	-		-
Total Non-Operating Revenues (Expenses)		(255,153)	_	(81,005)	-	244,666
Income (Loss) Before Contributions and Transfers		(3,431,852)		(311,732)		862,773
Capital Contributions, Fees and Grants		471,395		211,540		
Transfers In		1,976,223		822,326		_
Transfers Out		<u> </u>	_	<u> </u>		(1,343,312)
Net Transfers In (Out)		1,976,223	_	822,326		(1,343,312)
Change in Net Assets		(984,234)		722,134		(480,539)
Total Net Assets - Beginning of Year		49,118,152		15,757,365		8,720,450
Total Net Assets - End of Year	\$	48,133,918	\$	16,479,499	\$	8,239,911

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

				'					
									TOTAL
									PRIMARY
SANITARY DISTRICT DEBT SERVICE		SANITARY DISTRICT NON-MAJOR		ION-MAJOR	GOVERNMENT				
				В	AY BRIDGE	Е	NTERPRISE	El	NTERPRISE
	FUND		TOTAL		AIRPORT		FUNDS		FUNDS
\$	517,382	\$	7,695,100	\$	34,907	\$	1,626,494	\$	9,356,501
	-		- 0.000		-		45,824		45,824
	-		8,322 192,590		401,809 165,883		54,176 95,908		464,307 454,381
			192,390		103,003		93,908		434,361
	517,382		7,896,012		602,599	-	1,822,402		10,321,013
	-		2,202,132		-		-		2,202,132
	-		118,040		-		-		118,040
	-		2,304,106		-		-		2,304,106
	-		274,888		-		-		274,888
	-		-		709,830		-		709,830
	-		-		-		2,012,116		2,012,116
	-		<u>-</u> _	-	-		28,427	-	28,427
	-		4,899,166		709,830		2,040,543		7,649,539
	-		1,927,158		-		-		1,927,158
			3,341,625		166,542		163,504		3,671,671
	<u>-</u>		10,167,949		876,372		2,204,047		13,248,368
	517,382		(2,271,937)		(273,773)		(381,645)		(2,927,355)
	192,299		594,963		316		-		595,279
	(27,677)		(521,833)		(19,714)		(47,795)		(589,342)
	-		-		16,180		35,629		51,809
	164,622		73,130		(3,218)		(12,166)		57,746
	682,004		(2,198,807)		(276,991)		(393,811)		(2,869,609)
	-		682,935		289,112		69,068		1,041,115
	1,054,507		3,853,056		981,193		1,971,982		6,806,231
	(2,114,845)		(3,458,157)		<u>-</u>		-		(3,458,157)
	(1,060,338)		394,899		981,193		1,971,982		3,348,074
	(378,334)		(1,120,973)		993,314		1,647,239		1,519,580
	4,399,316		77,995,283		11,401,015		6,117,485		95,513,783
\$	4,020,982	\$	76,874,310	\$	12,394,329	\$	7,764,724	\$	97,033,363

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	SANITARY DISTRICT		
	SEWER	WATER	RESTRICTED
	OPERATIONS	OPERATIONS	FUND
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,673,721	\$ 1,884,949	\$ 617,930
Receipts from other operating sources	54,205	146,707	-
Payments to suppliers	(2,080,252)	(591,328)	-
Payments to employees and on behalf of employees	(2,586,047)	(974,395)	
Net Cash Provided (Used) by Operating Activities	61,627	465,933	617,930
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	1,976,223	822,326	-
Receipts from interfund loans	(23,142)	-	40,000
Transfers to other funds	- · ·	-	(1,343,312)
Principal paid on interfund loans	<u> </u>		(80,000)
Net Cash Provided (Used) by Noncapital Financing Activities	1,953,081	822,326	(1,383,312)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the disposition of capital assets	-	_	_
Receipts from capital grants	_	-	_
Principal paid on capital debt	(1,398,740)	(462,283)	_
Receipts from 2006 Bonds	-	-	_
Interest paid on capital debt	(392,183)	(133,212)	_
Acquisition and construction of capital assets	(148,217)	(354,986)	
Net Cash (Used) by Capital and Related Financing Activities	(1,939,140)	(950,481)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Cash Provided by Investing Activities - Investment Income	108,340	49,658	244,666
Net Increase (Decrease) in Cash and Cash Equivalents	183,908	387,436	(520,716)
Balances - Beginning of the year	5,211,672	2,092,527	8,790,508
Balances - End of the year	\$ 5,395,580	\$ 2,479,963	\$ 8,269,792
Deconciliation of energting income (less) to not each			
Reconciliation of operating income (loss) to net cash			
provided by operating activities			
Operating income (loss)	\$ (3,176,699)	\$ (230,727)	\$ 618,107
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities:			
Depreciation	2,879,864	461,761	-
Effect of changes in operating assets and liabilities:			
Accounts receivable, net	(47,456)	(11,842)	(177)
Special assessments receivable, net	-	-	94,288
Operating grants receivable	-	-	-
Inventories and Prepaid Expenses	(8,613)	-	-
Vendor accounts payable	(42,514)	135,272	_
Compensated absences	7,496	6,453	-
Other Post-Employment Benefit Obligation	391,192	105,016	-
Escrow deposits payable	16,697	-	-
Deferred revenue collected in advance	41,660		(94,288)
Net Cash Provided by Operating Activities	\$ 61,627	\$ 465,933	\$ 617,930
Managh investige postal and fragular and Start			
Noncash investing, capital and financing activities: Donation of capital assets (infrastructure) by developers	\$ 471,395	\$ 211,540	\$ -
Donation of papital associa (illinastructure) by acrelopers	Ψ 471,030	Ψ ∠11,040	Ψ -

STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

_				(00)	NTINOED)				TOTAL		
									TOTAL PRIMARY		
	SANITARY	DISTRICT				NIC	ON-MAJOR		GOVERNMENT		
DEI	BT SERVICE	DISTRICT		BAY BRIDGE ENTERPRISE				ENTERPRISE			
DLI	FUND	TO	TAL		IRPORT	LIV	FUNDS	LI	FUNDS		
	TOND		IAL		and Old		TONDO		TONDO		
_											
\$	544,711		721,311	\$	2,574	\$	1,567,465	\$	9,291,350		
	-		200,912		578,998		233,465		1,013,375		
	-		671,580)		(447,485)		(1,083,529)		(4,202,594)		
		(3,	560,442)		(210,641)		(942,786)		(4,713,869)		
	544,711	1,	690,201		(76,554)		(225,385)		1,388,262		
	1,054,507	3	853,056		981,193		1,971,982		6,806,231		
	40,341	0,	57,199		-		40,507		97,706		
	(2,114,845)	(3)	458,157)		_		-		(3,458,157)		
	(17,199)	(0,	(97,199)		(831,509)		(1,676,614)		(2,605,322)		
	(1,037,196)		354,899		149,684		335,875		840,458		
	-		-		16,180		35,629		51,809		
	-		-		289,112		69,068		358,180		
	(43,409)	(1,	904,432)		(36,000)		(68,230)		(2,008,662)		
	-		-		81,699		-		81,699		
	(28,038)	(553,433)		(17,559)		(45,094)		(616,086)		
		(503,203)		(406,878)		(108,528)		(1,018,609)		
	(71,447)	(2,	961,068)		(73,446)		(117,155)		(3,151,669)		
	192,299		594,963		316				595,279		
	(371,633)	(321,005)		-		(6,665)		(327,670)		
	4,551,821		646,528		-		1,014,395		21,660,923		
\$	4,180,188	\$ 20,	325,523	\$		\$	1,007,730	\$	21,333,253		
	,,			<u> </u>			,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
\$	517,382	\$ (2,	271,937)	\$	(273,773)	\$	(381,645)	\$	(2,927,355)		
	-	3,	341,625		166,542		163,504		3,671,671		
	(2,047)		(61,522)		(36,201)		(73,972)		(171,695)		
	432,742		527,030		-		-		527,030		
	-		-		11,306		37,557		48,863		
	-		(8,613)		10,785		(13,127)		(10,955)		
	-		92,758		(4,487)		(54,183)		34,088		
	-		13,949		2,234		4,963		21,146		
	-		496,208		43,172		76,575		615,955		
	-		16,697		600		3,198		20,495		
	(403,366)		455,994)		3,268		11,745		(440,981)		
\$	544,711	\$ 1,	690,201	\$	(76,554)	\$	(225,385)	\$	1,388,262		
\$	-	\$	682,935	\$	-	\$	-	\$	682,935		
_				_				_	,		

STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE PURPOSE TRUST, OTHER POST-EMPLOYMENT BENEFIT TRUST, AND AGENCY FUNDS JUNE 30, 2009

ASSETS	PRIVATE PURPOSE TRUST FUND TAX SALE DEPOSITS			OTHER POST-EMPLOYMENT BENEFIT TRUST FUND		GENCY FUNDS
	\$	274 570	\$	1 105 042	\$	374,209
Cash and Cash Equivalents	Ф	374,570	Ф	1,185,042	Ф	•
Miscellaneous Receivables	-			<u> </u>		165,626
Total Assets		374,570		1,185,042	¢	539,835
Total Assets		374,370	-	1,100,042	Ψ	339,033
LIABILITIES						
Due to Other Governments		-		155,005	\$	259,123
Deposits and Escrows		<u> </u>		<u> </u>		280,712
Total Liabilities		<u>-</u>		155,005	\$	539,835
NET ASSETS						
Held in Trust	\$	374,570	\$	1,030,037		

QUEEN ANNE'S COUNTY, MARYLAND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PRIVATE PURPOSE TRUST AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUND FOR THE YEAR ENDED JUNE 30, 2009

	PRIVATE PURPOSE TRUST FUND TAX SALE DEPOSITS		
ADDITIONS Total Additions - Tax Sale Collections in Excess of Tax Due	\$	26,327	
DEDUCTIONS Total Deductions - Distributions to Property Holders		19,205	
Change in Assets		7,122	
NET ASSETS HELD IN TRUST Net Assets-Beginning of Year		367,448	
Net Assets-End of Year	\$	374,570	
ADDITIONS CONTRIBUTIONS Employers Members TOTAL CONTRIBUTIONS	POST-E	OTHER EMPLOYMENT ITRUST FUND 2,581,144 710,313 3,291,457	
Investment Income		37	
Total Additions		3,291,494	
DEDUCTIONS Claims Paid		2,261,457	
Change in Assets		1,030,037	
NET ASSETS HELD IN TRUST Net Assets-Beginning of Year			
Net Assets-End of Year	\$	1,030,037	

Note		
1	Summary of Significant Accounting Policies	55-65
2	Budgets and Budgetary Accounting	65-66
3	Cash, Investments and Investment Income	67-68
4	Accounts Receivable	69-70
5	Deferred or Unearned Revenue	71
6	Capital Assets	72-77
7	Interfund Receivables and Payables	78
8	Interfund Transfers	79
9	Noncurrent Liabilities	80-88
10	Restricted Assets and Liabilities and Reserved/Designated Fund Balances	89-91
11	Risk Management	92
12	Retirement Plans	93-95
13	Deferred Compensation Plan	95
14	Other Post Employment Benefits	96-101
15	Deficit Equity Balances	101
16	Commitments and Contingencies	102
17	Joint Venture	102-103
18	Pollution Remediation Obligations	103
19	Subsequent Events	103

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local government entities. The following is a summary of significant policies.

A. REPORTING ENTITY

Queen Anne's County, Maryland (the County) was founded in 1706. The County is governed by five Commissioners who are elected to serve four-year terms. This board assumes responsibilities conferred upon them by the Maryland General Assembly under Code Home Rule and provides the following services: public safety, public facility/infrastructure maintenance and improvements, sanitation, health and social services, education, recreation and culture, library, conservation of natural resources, economic and community development, and general administrative services.

As required by GAAP, these financial statements present the primary government and its component units, which are entities for which the primary government is considered financially accountable. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in the Government Accounting Standards Board (GASB) Statements No. 14 and 39. Blended component units, although separate entities, are, in substance, part of the government's operations. However, each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that it is legally separate from the government.

Blended Component Units

The Queen Anne's County Sanitary District serves all the citizens of the government and is governed by a board comprised of the government's elected Commissioners. The rates for user charges and bond issuance authorizations are approved by the Board of Commissioners and the legal liability for the general obligation portion of the District's debt remains with the government. The Sanitary District is reported as an enterprise fund.

The Queen Anne's County Roads Board serves all the citizens of the government and is governed by a board comprised of the government's elected Commissioners. All operations of the Roads Board are approved by the Board of Commissioners and the legal liability for any debt remains with the government. The Roads Board is reported as a special revenue fund.

Discretely Presented Component Units

The Board of Education of Queen Anne's County is a five-member body responsible for the operation of Queen Anne's County Schools. Beginning with the November 2008 election, the members were elected by the County voters. The Board of Education is a component unit of Queen Anne's County, Maryland by virtue of the Board's fiscal dependency on the County through the County's responsibility for levying taxes, issuing debt, and its budgetary control over the Board of Education.

The Queen Anne's County Free Library is a component unit of the Queen Anne's County Government by virtue of the Library's fiscal dependency on the County. The County levies taxes and approves the Library's budget. The Library Board of Trustees governs the Library. Vacancies on the Board of Trustees are filled by vote of the remaining members of that Board.

The Queen Anne's County Public Housing Authority is a component unit of the Queen Anne's County Government because the County Commissioners appoint the members of the Housing Authority's Board of Commissioners. In addition, the County contributes substantial financial and administrative resources to the Housing Authority on an on-going basis, including an annual appropriation, office space and utilities, and administrative services for human resources, accounting, and other functions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

Complete financial statements of the discretely presented component units can be obtained from their respective administrative offices listed below:

Board of Education of Queen Anne's County 202 Chesterfield Avenue Centreville, Maryland 21617 Queen Anne's County Housing Authority c/o Queen Anne's County Finance Office 107 N. Liberty Street Centreville, Maryland 21617

The Queen Anne's County Free Library 121 S. Commerce Street Centreville, Maryland 21617

JOINT VENTURE

The operation of the Midshore Regional Landfill is considered a joint venture of the County. Disclosure of the County's participation in this joint venture is presented in Note 17.

Complete financial statements can be obtained at the joint ventures' administrative office listed below:

Maryland Environmental Service 259 Najoles Road Millersville, Maryland 21108

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

<u>Government-Wide Financial Statements</u> – The government-wide financial statements report information on all of the non-fiduciary activities of the Primary Government and its component units. Since, by definition, assets of fiduciary funds are held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government wide statements.

For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities of the Primary Government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

<u>Statement of Net Assets</u> – This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. Net assets are divided into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Statement of Activities – This statement demonstrates the degree to which the direct expenses of a given function for the fiscal year are offset by program revenues. Therefore, this statement reflects both the gross and net costs per functional category (general government; public safety; public works; health; social services; education; parks and recreation; library; conservation of natural resources; and economic/community development) that are otherwise supported by general revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants, while the capital grants and contributions column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses.

<u>Fund Financial Statements</u> – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses.

<u>Governmental Fund Budget-to-Actual Comparison Statements</u> – Demonstrating compliance with the adopted budget is an important component of government's accountability to the public. The County provides budget-to-actual comparisons of the General Fund and individual major special revenue funds as part of the required supplementary information subsection located after the Notes to the basic financial statements. In addition, budget-to-actual comparisons are provided for the General Fund, on a departmental level, and for all other individual funds with legally adopted budgets in the supplementary information subsection.

The County and many other governments revise their original budgets over the course of the year for a variety of reasons; the County's amended budget is reflected in a separate column in the budget-to-actual comparison statements. Variances are calculated based on final budgets.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting

Full Accrual Basis Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are recorded in these statements, as well as debt, accrued compensated absences, other post-employment benefits, and other accruals.

Modified Accrual Basis Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Revenues are recorded as soon as they are susceptible to accrual (i.e., when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims, judgments, compensated absences, and other post-employment benefits are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Capital assets, and related depreciation, as well as long-term liabilities are not recorded in these statements.

In applying the susceptible to accrual concept to income taxes (distributed by the State), property taxes, and intergovernmental revenues other than grants, the County defines "available" as received within 60 days after year-end.

In the State of Maryland, the State has assumed responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law. However, collections and pursuit of delinquent taxes are the responsibility of the State. The County records estimated receivables relating to income taxes when the underlying income is earned. Amounts not received within 60 days are reported as deferred revenue. At year-end, deferred revenue relating to income taxes primarily includes the final fiscal year distribution (which is normally received in September after the fiscal year-end) and amounts related to late filers, delinquent returns and audits, and unallocated withholding, all of which are not received within the County's availability period. Most deferred revenue is expected to be received from the State within the next fiscal year; however, collections related to delinquent returns and audits as well as unallocated withholding may not be remitted to the County for several years.

In applying the susceptible to accrual concept to operating and capital grants, which are classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as deferred revenue.

Licenses and permits, charges for services, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County's 60-day availability period, they are recognized as revenue. Benefit assessment receivables not billed at year end are reported as deferred revenue.

Fiduciary Funds – The County's trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as is used by proprietary funds. Agency funds report only assets and liabilities; they do not report changes in net assets. Therefore, agency funds are reported using the accrual basis of accounting to recognize receivables and payables. Activity during the year is accounted for as additions to and deductions from asset and liability accounts (for Agency Funds) and Net Assets (for Private Purpose and Other Post-Employment Benefit Trust Funds). Since fiduciary funds are, by their very nature, independent of the County, they are omitted from all government-wide statements.

<u>Financial Statement Presentation</u> - The County reports the following major governmental and proprietary funds, as well as fiduciary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

<u>General Fund</u> – This fund is the general operating fund of the County. It is used to account for all financial resources except those required or recommended, by GAAP, to be accounted for in another fund.

Capital Projects Funds -

<u>General Capital Projects</u> - This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, as well as other large multi-year projects that relate to capital assets, that are financed from general governmental resources.

Roads Capital Projects - This fund accounts for financial resources to be used for the construction of County Road infrastructure, as well as other large multi-year projects that relate to capital assets, that are financed from Highway User Tax funds and grants received from State and Federal Governments.

<u>School Impact Fees</u> - This fund accounts for financial resources generated by new residential construction and used for the construction of public school facilities or payment of school debt relating to such construction.

Roads Board - This fund accounts for financial resources received from the State, plus a negligible amount from the County, for the maintenance of County road infrastructure.

<u>Enterprise Funds</u> - Enterprise Funds are used to account for those activities of the Primary Government that are financed and operated in a manner similar to private business enterprises in that all costs and expenses, including depreciation, are recovered primarily or partially through user charges. The Sanitary District Funds are intended to be self-supporting as a whole, while the Airport is intended to be only partially self-supporting. The County reports the following major enterprise funds:

<u>Sanitary District - Sewer Operations</u> - This fund is used to account for the operation of the sewer system serving approximately 6,500 customers.

<u>Sanitary District - Water Operations</u> - This fund is used to account for the operation of the water supply system serving approximately 4,000 customers.

<u>Sanitary District - Restricted Fund</u> - This fund is used to account for the proceeds of sewer and water capacity charges (one-time allocation fees) and is used to fund capital and debt service expenses.

<u>Sanitary District - Debt Service Funds</u> - This fund is used to account for the collection of special benefit assessments, and financial resources from other sources, to fund debt associated with construction of water and sewer facilities in accordance with debt covenants.

<u>Bay Bridge Airport</u> – This fund is used to account for the operation of the County's airport that serves small, private aircraft.

<u>Fiduciary Funds</u> – Fiduciary Funds are used to report assets held in a trustee or agency capacity for entities other than the County. The County reports the following fiduciary fund types:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

<u>Private-Purpose Trust Fund</u> – This fund accounts for an arrangement under which monies received at tax sale, in excess of taxes due, are legally held in trust for property owners who have not been located within a legally-defined time frame.

Other Post-Employment Benefit Trust Fund— This fund accounts for the funding of retiree benefit plans of participating agencies, which are: (1) Queen Anne's County, Maryland, including the Queen Anne's County Public Housing Authority; (2) Queen Anne's County Board of Education; and (3) Queen Anne's County Free Library. Other agencies and political subdivisions have the right to participate in this Trust Fund also, as an investment vehicle for their Other Post-Employment Benefit Plan through the pooling of investment resources. Currently, the only other agency participating is Kent County, Maryland.

<u>Agency Funds</u> - These funds are used to account for assets, such as property taxes, held in a purely custodial capacity where the County receives, temporarily invests, and remits such resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds should be eliminated or reclassified. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The effect of interfund services provided and used between functions has not been eliminated in the Statement of Activities, since to do so would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1) Cash and Investments

<u>Cash and Cash Equivalents</u> – For Statement of Cash Flows reporting purposes, the County has defined "cash equivalents" as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less at time of purchase meet this definition. The balance sheet classification for "cash and cash equivalents" in the Statement of Cash Flows includes the following: "Equity in pooled cash and investments," "Cash and cash equivalents," and "Restricted Equity in pooled cash and investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

2) Receivables and Payables

<u>Due From/To Other Funds and Internal Balances</u> – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are current and are referred to as "due to/from other funds." On the Statement of Net Assets, these balances are referred to as "internal balances" and are reported as positive and negative "assets" that net to zero for the primary government as a whole.

<u>Trade Accounts Receivable</u> – Trade and other receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated based on historical collection data and, in some cases, specific account analysis.

3) Inventories, Prepaids, and Other Assets

Inventories of materials, parts and supplies are stated at cost as determined by the first-in, first-out method. For budgetary purposes, the cost is recorded as an expenditure at the time individual inventory items are purchased (purchase method). The consumption method is used for financial reporting purposes whereby expense is recognized as the items are used (consumed). Reported inventories are equally offset by a fund balance reserve. Inventories in the Proprietary Funds are also recorded using the consumption method.

Prepaid items are payments made to vendors for services that will benefit periods beyond the end of the fiscal year.

4) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$5,000 (\$1,000 for computers) or more and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or functionality of the asset, or materially extend asset lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense, incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Capital projects that are under construction and not yet ready for their intended use at year-end are classified as "construction in progress" (CIP).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

4) Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 - 50
Improvements other than buildings	15 - 50
Infrastructure	20 - 50
Machinery and equipment	3 - 20
Office furniture, fixtures and equipment	5 - 15
Automobiles and trucks	7 - 10

5) Other Post-Employment Benefit Obligation

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The Queen Anne's County post-employment plan provides medical insurance benefits to retirees and their eligible dependents. The Plan's financial information is prepared based on full accrual accounting. Expenses are recognized on the accrual basis as retirees' insurance costs are incurred. Additional details regarding other post-employment benefits can be found in Notes 9 and 14.

<u>Primary Government</u> – In both the government-wide and enterprise funds, liability for other post-employment benefits is adjusted at the end of the fiscal year. For the year ended June 30, 2009, the other post-employment benefit obligation amounted to \$4,304,045, including both governmental (\$3,688,090) and business-type activities (\$615,955).

Component Unit – Queen Anne's County Housing Authority –The Housing Authority's employees are employees of the primary government, which is ultimately liable for their salaries and benefits. Therefore, for the year ended June 30, 2009 the County recognized a liability for other postemployment benefit obligation for these employees in the amount of \$117,628, which is included in the liability of \$3,688,090 mentioned above for the Primary Government's governmental activities.

<u>Component Unit - Board of Education</u> – For the year ended June 30, 2009, the other post-employment benefit obligation for the Board of Education amounted to \$4,372,045.

<u>Component Unit – Free Library</u> – For the year ended June 30, 2009, the other post-employment benefit obligation for the Library amounted to \$139,766.

6) Compensated Absences

<u>Primary Government</u> – The County's policy is to pay employees for any unused vacation time, up to a maximum of 65 days, upon termination of employment. Compensated absences are reported in governmental funds only if they have matured, such as payments upon termination of employment, vacation, and compensatory time paid as they are used during the year. Such time is paid as regular wages. Compensated absences are reported in enterprise funds as they are accrued. In the government-wide statements, liability for compensated absences is adjusted at the end of each fiscal year to current salary costs. Accumulated unpaid leave of the County amounted to \$2,507,711 at June 30, 2009, including both governmental (\$2,243,389) and business-type activities (\$264,322).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

6) Compensated Absences (continued)

<u>Component Unit – Queen Anne's County Housing Authority</u> –The Housing Authority's employees are employees of the primary government, which is ultimately liable for their salaries and benefits. Therefore, for the year ended June 30, 2009 the County recognized a liability for compensated absences for these employees as part of its governmental activities in the amount of \$39,396.

Component Unit - Board of Education — Accumulated unpaid annual leave is accrued when earned in the Unrestricted Current Expense Fund using the modified accrual basis of accounting. In fiscal year 1992, the Board adopted the practice of paying for any unused vacation time, up to the maximum number of days that employees can carry over from one year to the next, upon termination of employment. Maximum number of days varies from 20 to 30 days, depending on classification. Liabilities for compensated absences are inventoried at the end of each fiscal year and adjusted to current salary costs. Accumulated compensated absences as of June 30, 2009 amounted to \$855,027. Because payment of sick leave is contingent upon employees' future illness or retirement, the Board of Education expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

7) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount. Bond issuance costs are generally reported as a deferred asset and amortized over the term of the related debt using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. When debt is refunded, payments to the Bond Refunding Agent and associated bond issuance costs are reported as other financing uses.

8) Net Assets/Fund Equity

In the government-wide financial statements, the County has reported negative unrestricted net assets of \$26,672,299. This deficit is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. The capital assets constructed with the proceeds of this debt are reported on the financial statements of Queen Anne's County Board of Education. This amount is also classified as net assets invested in capital assets, net of related debt, in the Board of Education column of the Component Units section of the County's government-wide Statement of Net Assets. Since the Board of Education is not authorized to borrow funds, they do not have any debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

8) Net Assets/Fund Equity (continued)

Since the issuance of such debt has not resulted in capital assets owned by the Primary Government, the effect of this debt is reflected in a deficit balance in unrestricted net assets in the Governmental Activities column of the government-wide Statement of Net Assets. At June 30, 2009, the County has reported outstanding general obligation debt related to assets held by the Board of Education amounting to \$50,291,243. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of governmental activities in the amount of \$23,618,944.

The County reports a portion of its net assets in its government-wide financial statements as restricted. In this context, restricted means that, as of June 30, 2009, this portion of net assets was restricted for a particular purpose either by external parties; by provision of the County Charter; or by enabling legislation. Net assets restricted by enabling legislation represent legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net assets attributed to revenue streams that are restricted for specified purposes in the County Code. This generally includes Capital Projects Fund impact fee collections and developer exactions on hand for outside entities; ending fund balances of substantially all special revenue funds; and ending unrestricted net assets of the Sanitary District and other enterprise funds. Such amounts, which are restricted net assets in the government-wide statement of Net Assets, are as follows at year-end:

Restricted Net Assets	
Governmental activities	\$ 16,582,660
Business-type activities	 19,886,675
Total	\$ 36,469,335

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

9) Property Tax

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. The levy functions as a lien against the property. Assessed values are established by the Maryland State Department of Assessments and Taxation at estimated market value. A revaluation of all property is required to be completed every three years. Taxes are then billed to property owners and collected by the County. Property represented by delinquent taxes is sold at a public auction in May of the following calendar year, with title transferring after foreclosure proceedings have been completed.

For principal residences only, an installment plan is offered whereby total tax is paid in two equal installments. The first installment is due by September 30. Beginning October 1, a 1% penalty is charged on the first day of each month that the installment remains unpaid. This 1% penalty is based on the amount of the first installment only. The second installment is due by December 31. Beginning January 1, the 1% penalty would then include all outstanding balances. The County accepts partial payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

9) Property Tax (continued)

For non-principal residences, payment is due in full by September 30. Beginning October 1, a penalty is charged for each month that taxes remain unpaid.

For new construction, completed and assessed between July 1 and December 31, a supplementary tax is levied equal to half of the full-year levy. Payment in full is due by March 31. Beginning April 1, a penalty is charged for each month that taxes remain outstanding.

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. The County tax rate for the fiscal year ended June 30, 2009 was \$0.770 per \$100 of assessed value.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Pursuant to the Code of Public Local Laws of Queen Anne's County, the County Commissioners adopt an annual operating budget and real property tax rate prior to July 1 each year. This action, taken after public hearings, provides the spending authority for the fiscal year beginning on July 1. Unexpended and unencumbered appropriation authority expires the following June 30, except in the case of Capital Projects where appropriations lapse only upon completion or cancellation of each project by the County Commissioners. The appropriated budgets are prepared at the fund, function, and department level. Expenditures/expenses may not legally exceed appropriations, based on the level at which they were adopted. For the General Fund, annual expenditure budgets are legally adopted at the Departmental level. For all other governmental Funds, for which annual budgets are adopted, expenditure budgets are legally adopted at the Fund level.

During the fiscal year, the Commissioners may adopt supplemental appropriations. For the year ended June 30, 2009, supplemental appropriations that increased are as follows:

Supplemental Appropriations		Original Budget	Final Budget	Increase		
General Fund - expenditures and transfers	\$	104,050,037	\$ 105,651,001	\$	1,600,964	
Special Revenue Funds that adopt annual budgets Major - Roads Board - expenditures	- \$	6,809,660	\$ 6,838,270	\$	28,610	
Non-Major that adopt annual budgets -						
Department of Aging - expenditures Housing and Community Services - expenditures Community Partnerships for Children - expenditures and transfers Law Library - expenditures Fire Company Impact Fees - expenditures Agricultural Transfer - expenditures and transfers Rural Legacy - expenditures	\$	3,043,627 1,038,575 2,178,837 3,000 600,000 660,000	\$ 3,171,247 1,253,657 2,191,130 83,136 758,333 2,134,894 1,000,000	\$	127,620 215,082 12,293 80,136 158,333 1,474,894 1,000,000	
Total Special Revenue Funds that adopt annual budgets	\$	14,333,699	\$ 17,430,667	\$	3,096,968	

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

All final budgets are presented as amended. The County Administrator may approve budget amendments of \$10,000 or less throughout the year. Amendments greater than \$10,000 require the approval of the County Commissioners.

Annual operating budgets are legally adopted for the General Fund, School Impact Fees Capital Projects Funds, Roads Board Operating Fund, and the following non-major governmental funds: Department of Aging, Housing and Community Services, Community Partnerships for Children, Dredging Special Assessments, Kent Narrows, Law Library, Inmate Welfare, Agricultural Transfer, Rural Legacy, Fire Impact Fee Capital Projects, and Parks and Recreation Impact Fee Capital Projects. Proprietary Fund budgets are adopted for management control only and include all enterprise funds. Budgets are adopted using the same method of accounting as that used for Fund reporting purposes.

Budgets for the General Capital Projects Fund and the Roads Capital Projects Fund reflect multi-year appropriations at the individual project level. Expenditures may not legally exceed appropriations at that level and appropriations lapse at the completion or cancellation of individual projects. In that these capital projects funds do not adopt an annual budget per project, a Statement of Revenues, Expenditures, and Changes in Fund Balances on a budget-to-actual basis is not presented for these funds.

GENERAL FUND

The following General Fund Departments exceeded their legally adopted expenditure budgets for the year ended June 30, 2009. Note that actual Salary Reversion amounts are realized in the individual departments and are not reported in this table:

	Final		1)	Negative)
General Fund	 Budget	 Actual	/ariance	
General Government - Legal	\$ 336,040	\$ 352,901	\$	(16,861)
Debt Service	7,745,291	7,843,837		(98,546)
Transfer to Roads Board Operating	30,000	30,616		(616)
Transfer to Sanitary District - Sewer	4,050	4,592		(542)
Transfer to Fire Companies - Impact Fees	=	37,069		(37,069)
Reversions - salary reversions	(338,123)	-		(338,123)

SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS

The following Special Revenue Fund exceeded its legally adopted expenditure budget for the fiscal year ended June 30, 2009:

Special Revenue and Capital Projects Funds	Final Budget	 Actual	•	(Negative) Variance		
Agricultural Transfer	\$ 2.134.894	\$ 2.214.032	\$	(79.138)		

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME

A. DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT, PUBLIC HOUSING AUTHORITY, AND FIDUCIARY FUNDS

Cash and investments were as follows at year-end:

Primary Government, Public Housing & Fiduciary Cash and Investments	 Carrying Amount	 nk Balances Fair Value	Total Collateral		
Demand Deposit Accounts, Short-Term Certificates of Deposit and Petty Cash	\$ 21,739,530	\$ 23,061,697	\$ 26,422,251		
Investment in Maryland Local Government Investment Pool (MLGIP)	 34,487,586	34,472,660	35,162,114		
	\$ 56,227,116	\$ 57,534,357	\$ 61,584,366		

Cash and investments reconcile to the basic financial statements as follows:

	Primary		Con	nponent Unit-				
Cash and Investments	Government		Housing Authority		Fiduciary			Total
Unrestricted								
Equity in Pooled Cash and Investments	\$	40,349,760	\$	1,059,036	\$	1,933,821	\$	43,342,617
Cash and Cash Equivalents		-		333,652		-		333,652
Restricted								
Equity in Pooled Cash and Investments		12,449,980		-		-		12,449,980
Investments				100,867				100,867
	•	50 700 740	•	4 400 555	•	4 000 004	•	50.007.440
	\$	52,799,740	\$	1,493,555	\$	1,933,821	\$	56,227,116

At year-end, the carrying amount of combined deposits was \$21,739,530 and the collected bank balances were \$23,061,697. Of the bank balances, \$1,004,632 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities placed with the respective banks' escrow agents and held in the County's name.

Statutes authorize the County to invest in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

Of these options, the County participates in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state with a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP by enacting Section 22G of Article 94 of the Annotated Code of Maryland. PNC Financial manages the MLGIP, under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants reviews the activities of the Fund on a quarterly basis and provides suggestions to enhance the pool. Standard and Poors rates the MLGIP as AAAm. The MLGIP seeks to maintain a constant value of \$1 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1 per unit constant value.

NOTE 3 – CASH, INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT, PUBLIC HOUSING AUTHORITY, AND FIDUCIARY FUNDS (CONTINUED)

As of June 30, 2009, the County's investments, for both custodial and credit risk purposes, consisted solely of shares in the MLGIP. This investment is not deemed to have either risk and is in conformity with the County's policy relating to minimal credit risk of investments.

COMPONENT UNITS (BOARD OF EDUCATION AND LIBRARY)

<u>Component Unit - Board of Education</u> - At year-end, the carrying amount of deposits was \$11,629,219, including \$300,000 in certificates of deposit and \$1,612 cash on hand for petty cash and excluding the carrying amount of fiduciary funds. The bank balances were \$13,097,308. Of the bank balances, \$806,000 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities held by the agent of the Board, in the Board's name.

<u>Component Unit – Library</u> - At year-end, the carrying amount of all bank deposits, including a \$634,754 certificate of deposit, was \$1,260,388, while collected bank balances were \$1,271,650. Of the bank balances, \$580,141 was insured by federal depository insurance (FDIC). The uninsured balances were fully collateralized by securities held in the Library's name.

B. INVESTMENT INCOME

PRIMARY GOVERNMENT

Total investment income earned in all governmental funds was credited for use as follows:

Governmental Funds	Investment Income			
General Fund	\$	397,616		
Other Funds		29,522		
Unrestricted Revenue		427,138		
Restricted Revenue		215,334		
Total Investment Income	\$	642,472		

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2009 for the governmental and business-type activities are as follows:

Accounts Receivable	General Fund	General Capital Projects	Roads Capital Projects	School Impact Fees Capital	Roads Board	Non-Major Governmental Funds	Total Governmental Funds	Total Enterprise Funds	Total Governmental and Enterprise Funds
Receivables									
Taxes - Real Property	\$ 111,054		\$ -	\$ -	\$ -	\$ -	\$ 111,054	\$ -	\$ 111,054
Taxes - Other	85,789	143,342					229,131		229,131
Subtotal Taxes	196,843	143,342	<u> </u>			<u> </u>	340,185		340,185
Other Accounts Receivable:									
Health Department	127,776	-	-	-	-	-	127,776	-	127,776
Board of Education	9,007	-	-	-	29,155	-	38,162	-	38,162
Rubble Surcharge	23,135	-	-	-	-	-	23,135	-	23,135
Governmental Funds - User Fees	-	-	21,182	-	-	-	21,182	-	21,182
Retirees Insurance	17,529	-	-	-	-	-	17,529	-	17,529
Sheriff's Department	12,991	-	-	-	-	-	12,991	-	12,991
Recordation Tax Interest	11,170	-	-	-	-	-	11,170	-	11,170
Other Licenses and Permits	9,054	-	-	-	-	-	9,054	-	9,054
Juror Fee Reimbursements	7,005	-	-	-	-	-	7,005	-	7,005
Sanitary District - User and Septage Fees	-	-	-	-	-	-	-	434,857	434,857
Airport - Fuel Sales and User and Rental Fees	-	-	-	-	-	-	-	114,043	114,043
Miscellaneous Receivables	15,335	8,795	-	-	211	23,355	47,696	86,157	133,853
Subtotal Other Accounts Receivable	233,002	8,795	21,182		29,366	23,355	315,700	635,057	950,757
Loans Receivable				156,809		3,399,042	3,555,851		3,555,851
Subtotal Other Accounts and Loans Receivable	233,002	8,795	21,182	156,809	29,366	3,422,397	3,871,551	635,057	4,506,608
Special Assessments			570,024			771,886	1,341,910		1,341,910
Intergovernmental									
Income Taxes Held by State	11,695,290	-	-	-	-	-	11,695,290	-	11,695,290
Grants Receivable	892,424	442,605	-	-	-	641,056	1,976,085	124,310	2,100,395
State-Shared Highway User Tax	-	-	-	-	747,831	-	747,831	-	747,831
Bonds Receivable	2,097,684	-	-	-	-	-	2,097,684	-	2,097,684
Subtotal Intergovernmental	14,685,398	442,605			747,831	641,056	16,516,890	124,310	16,641,200
Restricted Receivables									
Accounts Receivable	-	-	-			-	-	51,141	51,141
Special Assessments	-	-	-	-		-	_	3,977,350	3,977,350
Subtotal Restricted Receivables								4,028,491	4.028.491
Cubiotal (Costiloted (Cocayables								7,020,431	7,020,101
Total Receivables	\$ 15,115,243	\$ 594,742	\$ 591,206	\$ 156,809	\$ 777,197	\$ 4,835,339	\$ 22,070,536	\$ 4,787,858	\$ 26,858,394

Note that receivables from Component Units are not included in the above table.

NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)

The County expects to receive all receivables listed in the table within one year, excluding the following items.

Intergovernmental receivables include bonds receivable from four other counties. In years 1994, 2000, and 2003, Queen Anne's County sold \$1,000,000, \$2,815,000, and \$710,000, respectively, of its general obligation bonds for the purpose of providing the local share of capital projects at Chesapeake College. Five counties, including Queen Anne's County, provide local support for the College. The other four counties supporting Chesapeake College have provided their bonds to Queen Anne's County as evidence of their requirement to reimburse their portion of the debt service. Bonds are amortized over the 20-year life of each of the original Queen Anne's County Bonds. The current carrying value for the bonds receivable from the other four counties are \$285,000, \$1,425,000, and \$387,684, respectively, for a total of \$2,097,684. The College bills and collects from the original five counties an amount sufficient to cover this debt service and reimburses this amount to Queen Anne's County on a semi-annual basis.

<u>Loans receivable</u> in the amount of \$3,555,851 relate to the Housing, Impact Fees, and Revolving Loan Special Revenue Funds. Loans receivable in the amount of \$3,261,213 for Housing and Community Services will be repaid when the homes are sold, in virtually all cases. These loans support housing rehabilitation and homeownership. When the loans are repaid to the County, the funds are then loaned out again to serve the same purpose. Loans for the Revolving Loan Fund in the amount of \$102,719 are also repaid over a number of years.

The remaining loan receivable balance of \$191,919 relates to school, fire, and parks impact fees. In July 2007, the County began accepting promissory notes for impact fees, in certain situations, with the understanding that when certificate of occupancy was obtained, these notes would be paid in full. To ensure repayment, the notes attach to the property incurring the impact fee; therefore, payment will be required automatically prior to legal transfer of title.

Income taxes held by the State in the amount of \$11,695,290 have been estimated by the State as income tax due for "tax years" 2008 and prior. It may take five years or longer for the State to receive all amounts relating to these "tax years" and remit those monies to the County. However, the State indicates that this is a reasonable estimate of their liability to the County and the County reports this amount in accordance with GAAP.

<u>Special Assessments</u> in the amount of \$1,341,910 represent receivables for governmental activities. Part of this amount consists of \$570,024 for assessments levied on homeowners to reimburse the County for construction or upgrade of private roads prior to their acceptance into the County Roads System. The other part of this amount consists of \$771,886 for assessments levied on homeowners relating to dredging costs. Both of these assessments are paid back over a number of years.

Restricted Special Assessments in the amount of \$3,977,350 represent restricted receivables for the Sanitary District. These receivables relate to assessments levied on homeowners for the construction of sewer and water lines, as well as for hook up costs. Only the current portion due is billed and the remaining balances are repaid over a number of years, as determined by the original agreement. As the funds are paid back, the County uses the money to repay debt.

NOTE 5 – DEFERRED OR UNEARNED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds defer revenue recognition in connection with resources that have been received, but unearned. At the end of the current fiscal year, the components of *unavailable revenue* and *unearned revenue* were reported in the governmental funds as deferred revenue as follows:

Deferred Revenue	 Jnavailable	Unearned		 Total
General Fund				
Income Taxes Due from State	\$ 9,048,173	\$	-	\$ 9,048,173
Property Taxes Receivable	81,977		-	81,977
Property Tax Deferrals	-		9,416	9,416
Inter-governmental Bonds Receivable	2,097,684		-	2,097,684
Grant Drawdowns in Excess of Expenditures	 -		5,452	 5,452
Subtotal	11,227,834		14,868	11,242,702
General Capital Projects Fund				
Grant Drawdowns in excess of Expenditures	 -		69,826	 69,826
Roads Capital Projects Fund				
Benefit Assessments Receivable Not Currently Due	-		570,024	570,024
Benefit Assessments Paid in Advance	<u>-</u>		59,968	 59,968
Subtotal	-		629,992	629,992
Roads Board Operating Fund				
Inspection Fees Collected In Advance			604,199	604,199
School Impact Fees Fund				
Impact Fees Loans Receivable Not Currently Due			156,809	156,809
Non-Major Governmental Funds				
Grant Drawdowns in Excess of Expenditures	-		261,902	261,902
Benefit Assessments Receivable Not Currently Due	-		771,886	771,886
Impact Fees Loans Receivable Not Currently Due	 		35,110	 35,110
Subtotal	-		1,068,898	1,068,898
Total Deferred Revenue	\$ 11,227,834	\$	2,544,592	\$ 13,772,426

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

Changes in the County's capital assets for governmental activities for the year ended June 30, 2009 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

		Balance			Decreases/		Balance		
Governmental Activities	Ju	une 30, 2008	ı	ncreases		Transfers	Ju	June 30, 2009	
Capital Assets, not being depreciated:									
Land	\$	37,025,806	\$	1,090,971	\$	(1,062,723)	\$	37,054,054	
Land Improvements		1,710,235		-		86,033		1,796,268	
Construction in Progress		10,070,812		6,040,429		(1,953,802)		14,157,439	
Land - Inexhaustible Infrastructure Improvements		39,925,498		31,667		46,241		40,003,406	
Total Capital Assets, not being depreciated		88,732,351		7,163,067		(2,884,251)		93,011,167	
Capital Assets, being depreciated:									
Buildings and Building Improvements		27,516,120		1,326,717		(879,623)		27,963,214	
Improvements other than Buildings		4,667,381		77,570		182,726		4,927,677	
Vehicles		8,141,233		770,122		(73,623)		8,837,732	
Equipment		8,046,510		741,378		66,839		8,854,727	
Furniture and Fixtures		9,070,793		298,654		(49,339)		9,320,108	
Infrastructure Improvements - Depreciable		14,876,235		1,695		600,359		15,478,289	
Total Capital Assets, being depreciated		72,318,272		3,216,136		(152,661)		75,381,747	
Less Accumulated Depreciation for:									
Buildings		6,581,242		442,867		(116,141)		6,907,968	
Building Improvements		624,833		119,309		(107,623)		636,519	
Improvements other than Buildings		662,315		132,819		(2,523)		792,611	
Vehicles		4,446,687		679,260		(66,276)		5,059,671	
Equipment		5,200,908		460,832		(88,200)		5,573,540	
Furniture and Fixtures		4,676,481		905,246		(48,397)		5,533,330	
Infrastructure Improvements - Depreciable		5,983,271		309,206		(11,801)		6,280,676	
Total Accumulated Depreciation		28,175,737		3,049,539		(440,961)		30,784,315	
Total Capital Assets, being depreciated, net		44,142,535		166,597		288,300		44,597,432	
Governmental activities Capital Assets, net	\$	132,874,886	\$	7,329,664	\$	(2,595,951)	\$	137,608,599	

Further information about Capital Assets can be found in the Combining and Individual Fund Statements and Schedules following the Notes.

NOTE 6 - CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Changes in the County's capital assets for business-type activities for the year ended June 30, 2009 are summarized as follows, with depreciation shown separately. Completed projects that were reclassified from construction in progress (CIP) to other asset accounts during the year are reported in the same column, as retirements from CIP and transfers to other asset accounts.

Business-Type Activities	Jı	Balance une 30, 2008	Increases		Decreases/ Transfers		Balance ne 30, 2009
Capital Assets, not being depreciated:							
Land	\$	12,828,312	\$ -	\$	145,694	\$	12,974,006
Land Improvements		16,162	-		-		16,162
Construction in Progress		2,072,670	745,731		(1,343,154)		1,475,247
Land - Inexhaustible Infrastructure Improvements		1,168,407	 4,355		46,536		1,219,298
Total Capital Assets, not being depreciated		16,085,551	750,086		(1,150,924)		15,684,713
Capital Assets, being depreciated:							
Buildings and Improvements to Buildings		17,722,910	5,164		458,420		18,186,494
Improvements other than Buildings		5,712,571	14,867		679,952		6,407,390
Automotive Equipment		1,146,498	50,470		-		1,196,968
Equipment		21,573,610	185,524		12,552		21,771,686
Furniture and Fixtures		74,039	12,497		-		86,536
Infrastructure Improvements - Depreciable		67,333,164	 682,936		-		68,016,100
Total Capital Assets, being depreciated		113,562,792	 951,458		1,150,924		115,665,174
Less Accumulated Depreciation for:							
Buildings and Improvements to Buildings		4,413,914	683,434		-		5,097,348
Improvements other than Buildings		1,781,200	236,985		-		2,018,185
Automotive Equipment		703,821	89,794		-		793,615
Equipment		4,486,967	1,035,670		-		5,522,637
Furniture and Fixtures		56,956	4,164		-		61,120
Infrastructure Improvements - Depreciable		16,334,943	1,621,624				17,956,567
Total Accumulated Depreciation		27,777,801	 3,671,671				31,449,472
Total Capital Assets, being depreciated, net		85,784,991	(2,720,213)		1,150,924		84,215,702
Business-Type activities Capital Assets, net	\$	101,870,542	\$ (1,970,127)	\$		\$	99,900,415

NOTE 6 – CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities		D	Depreciation			
General Government			\$		133,633	
Public Safety					1,382,957	
Public Works					896,479	
Health					10,117	
Social Services					248,110	
Parks and Recreation					331,548	
Library			23,610			
Conservation of Natural Resources			18,018			
Economic/Community Developmer	nt	_			5,067	
		_				
		_	\$		3,049,539	
		_				
Business-Type Activities						
Major Enterprise Funds:						
Sanitary District				\$	3,341,625	
Airport					166,542	
Non-Major Enterprise Funds:						
Parks and Recreation	\$	155,4	73			
Public Marinas		8,0	31		163,504	
				\$	3,671,671	

NOTE 6 – CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS

Board of Education: Capital asset activity for the year ended June 30, 2009 is as follows:

	Balance			Balance
Board of Education	June 30, 2008	Increases	Decreases	June 30, 2009
Capital Assets, not being depreciated:	• • • • • • • • • • • • • • • • • • • •	A 0.404.470	•	
Land	\$ 3,868,870	\$ 2,494,170	\$ -	\$ 6,363,040
Construction in Progress	12,895,416	7,227,162	(1,351,730)	18,770,848
Total Capital Assets, not being depreciated	16,764,286	9,721,332	(1,351,730)	25,133,888
Capital Assets, being depreciated:				
Land Improvements	4,504,001	-	-	4,504,001
Building Improvements	132,776,872	970,796	-	133,747,668
Furniture and Equipment	10,128,063	607,875	(1,284,515)	9,451,423
Total Capital Assets, being depreciated	147,408,936	1,578,671	(1,284,515)	147,703,092
Less Accumulated Depreciation for:				
Land Improvements	2,775,840	210,806	-	2,986,646
Building Improvements	25,744,103	2,570,080	-	28,314,183
Furniture and Equipment	7,548,668	478,728	(1,269,324)	6,758,072
Total Accumulated Depreciation	36,068,611	3,259,614	(1,269,324)	38,058,901
Total Capital Assets, being depreciated, net	111,340,325	(1,680,943)	(15,191)	109,644,191
Capital Assets, net	\$ 128,104,611	\$ 8,040,389	\$ (1,366,921)	\$ 134,778,079

NOTE 6 - CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Free Library: Capital asset activity for the year ended June 30, 2009 is as follows:

Library		Balance e 30, 2008	Inc	reases	Dec	reases	Balance June 30, 2009		
Capital Assets, not being depreciated: Artwork	\$	29,850	\$	-	\$	-	\$	29,850	
Capital Assets, being depreciated:									
Books and Media		2,263,148		41,888		-		2,305,036	
Building Improvements	239,072					-		239,072	
Total Capital Assets, being depreciated		2,502,220		41,888				2,544,108	
Less Accumulated Depreciation for:									
Books and Media		1,469,320		104,531		-		1,573,851	
Building Improvements		85,025		6,130				91,155	
Total Accumulated Depreciation		1,554,345		110,661				1,665,006	
Total Capital Assets, being depreciated, net		947,875		(68,773)				879,102	
Capital Assets, net	\$	977,725	\$	(68,773)	\$	-	\$	908,952	

NOTE 6 - CAPITAL ASSETS (CONTINUED)

COMPONENT UNITS (CONTINUED)

Queen Anne's County Housing Authority: Capital asset activity for the year ended June 30, 2009 is as follows:

Housing Authority	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital Assets, not being depreciated:				
Land	\$ 735,56	1 \$ -	\$ -	\$ 735,561
Land Improvements	15,48	9 -	-	15,489
Construction in Progress	8,586,71	5 685,872		9,272,587
Total Capital Assets, not being depreciated	9,337,76	5 685,872		10,023,637
Capital Assets, being depreciated:				
Buildings and Improvements	15,354,14	1 -	-	15,354,141
Vehicles	23,49	0 -	-	23,490
Furniture, Fixtures, and Equipment	233,11	4 -		233,114
Total Capital Assets, being depreciated	15,610,74	5 -		15,610,745
Less Accumulated Depreciation for:				
Buildings and Improvements	2,632,77	0 318,557	-	2,951,327
Vehicles	14,68	1 2,349	-	17,030
Furniture, Fixtures, and Equipment	108,37	8 12,669	-	121,047
Total Accumulated Depreciation	2,755,82	9 333,575		3,089,404
Total Capital Assets, being depreciated, net	12,854,91	6 (333,575)		12,521,341
Capital Assets, net	\$ 22,192,68	1 \$ 352,297	\$ -	\$ 22,544,978

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are usually used by the County to cover temporary cash deficits in individual funds until grant or similar resources are received. Occasionally, these receivables and payables are used in lieu of short-term external borrowing, such as for capital lease agreements.

Intra-entity receivables and payables usually relate to capital construction projects, wherein the primary government records a liability to its component unit at year-end while the component unit records a payable to the contractor.

The interfund and intra-entity receivables and payables consist of the following at June 30, 2009:

	Due from Fund														
Due to Fund	General Capital Projects			Non-Major Governmental		Sanitary District		Non-Major Enterprise		ing Authority - nponent Unit	Total Due From Other Funds				
General	\$	-	\$	301,561	\$	-	\$	507	\$	454,157	\$	756,225			
General Capital Projects		-		-		40,000		-		-		40,000			
Sanitary District		-		-		40,341		-		-		40,341			
Non-Major Enterprise		-		-		-		40,000		-		40,000			
Board of Education -															
Component Unit		635,771				-		-				635,771			
Total Due to Other Funds	\$	635,771	\$	301,561	\$	80,341	\$	40,507	\$	454,157	\$	1,512,337			

On June 30, 2009, the County issued a check in the amount of \$489,581 to the Board of Education as part of a local allocation for fiscal year 2009. The Board recorded receipt of this check in fiscal year 2010, resulting in a receivable on the Board's financial statements of \$1,125,352 for fiscal year 2009, which consists of \$489,581 for this check, plus \$635,771 as shown in the table above. This timing difference resulted in a reconciling item with the Board, as the County appropriately recorded this cash disbursement on its books in fiscal year 2009.

Interfund receivables and payables are reported on the Statement of Net Assets as Internal Balances, net of transactions between the same types of funds. Further information about the interfund and intra-entity receivables and payables can be found in the Detailed Schedule of Interfund Receivables and Payables following the Notes.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. Usually, these transfers are undertaken to enable the receiving entity to provide services that the government has determined to be in the best interest of the County. The following interfund transfers were made during the fiscal year ended June 30, 2009:

		Transfers in Fund						
	Total Transfers Out	General Fund	General Capital Projects	Roads Board	Non-Major Governmental	Major Enterprise	Non-Major Enterprise	Total Transfers In
Transfers Out Fund								
General Fund	\$ 2,573,612	\$ -	\$ 21,483	\$ 30,616	\$ 2,222,186	\$ 196,207	\$ 103,120	\$ 2,573,612
General Capital Projects (1)	3,808,465	543,019	•		135,000	1,179,885	1,868,862	3,726,766
Roads Capital Projects	20,000		20,000	-	-	-	-	20,000
Impact Fees - Schools	1,408,120	1,408,120						1,408,120
Total Capital Projects Funds	5,236,585	1,951,139	20,000	-	135,000	1,179,885	1,868,862	5,154,886
Non-Major Governmental	1,069,075	69,075			1,000,000	<u> </u>	<u> </u>	1,069,075
Sanitary District - Restricted	1,343,312		-	·		1,343,312		1,343,312
Sanitary District - Debt Service	2,114,845					2,114,845		2,114,845
Total Sanitary District Funds	3,458,157	-	-	-	-	3,458,157		3,458,157
Total Transfers Out	\$ 12,337,429	\$ 2,020,214	\$ 41,483	\$ 30,616	\$ 3,357,186	\$ 4,834,249	\$ 1,971,982	\$ 12,255,730

(1) In fiscal year 2009, the General Capital Projects Fund transferred 2006 bond proceeds in the amount of \$81,699 to the Bay Bridge Airport Enterprise Fund. This transaction was appropriately recorded on the Airport's books as an increase in debt liability and on the General Capital Projects Fund's books as a transfer out. Since enterprise funds and governmental funds record such transactions differently, the \$81,699 is reported in the above table only as a transfer out with no corresponding transfer in.

Further information about interfund transfers can be found in the Detailed Schedule of Interfund Transfers following the Notes.

NOTE 9 - NONCURRENT LIABILITIES

A. CHANGES IN NONCURRENT LIABILITIES

During the year ended June 30, 2009, the following changes occurred in the noncurrent liabilities of the primary government's governmental activities:

PRIMARY GOVERNMENT Governmental Activities	Balance June 30, 2008				Retirements Additions and of new debt Repayments			Balance ine 30, 2009	Due Within One Year	Due in More than One Year		
General Bonds Payable Notes Payable Bond Premiums, Net of	\$	70,752,345 822,617	\$	- 122,780	\$	5,331,424 32,214	\$	65,420,921 913,183	\$ 5,060,635 61,101	\$	60,360,286 852,082	
Issuance Costs Deferred Refunding Costs Capital Leases		716,049 (1,830,926) 202,978		-		64,723 (170,484) 47,496		651,326 (1,660,442) 155,482	64,722 (170,483) 49,599		586,604 (1,489,959) 105,883	
Odpilai Leases		70,663,063		122,780		5,305,373		65,480,470	5,065,574		60,414,896	
Other Post-Employment Benefit Obligation Compensated Absences		1,969,026		4,632,723 1,650,461		944,633 1,376,098		3,688,090 2,243,389	 - 1,555,115		3,688,090 688,274	
	\$	72,632,089	\$	6,405,964		7,626,104	\$	71,411,949	\$ 6,620,689	\$	64,791,260	
Less College Reimbursements						(206,625)						
					\$	7,419,479						

The reconciliation from retirements and repayments in the above table to the total principal payments on the Statement of Revenues, Expenditures, and Changes in Fund Balance is as follows:

Retirements and Repayments	
General Bonds Payable	\$ 5,331,424
Notes Payable	32,214
Capital Leases	47,496
LESS: Distributions of 2006 Bonds	(115,162)
LESS: College Reimbursements	(206,625)
Total Principal Payments	\$ 5,089,347

Note that distributions of the 2006 bonds for \$115,162 represents debt that was distributed during fiscal year 2009 from governmental activities to: the Airport for \$81,699 and the Housing Authority for \$33,463 for the 2006 bonds.

Note also that college reimbursements of \$206,625, for debt payments made by the County for bonds undertaken on behalf of the college, were offset by the County's allocation to the college in the amount of \$52,275 for this debt.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2009, the following changes occurred in the noncurrent liabilities of the primary government's business-type activities:

PRIMARY GOVERNMENT Business-Type Activities	Balance June 30, 2008	Additions of new debt	Retirements and Repayments	Balance June 30, 2009	Due Within One Year	Due in More than One Year	
Golf Course	\$ 976,075	\$ -	\$ 60,000	\$ 916,075	\$ 75,000	\$ 841,075	
Airport	493,349	81,699	36,000	539,048	35,319	503,729	
Public Marinas	67,316	-	8,229	59,087	8,283	50,804	
Sanitary District	23,615,821		1,931,400	21,684,421	1,901,675	19,782,746	
Subtotal Debt	25,152,561	81,699	2,035,629	23,198,631	2,020,277	21,178,354	
Bond Premiums, Net of							
Issuance Costs							
Golf Course	31,817	-	2,651	29,166	2,651	26,515	
Airport	9,982	-	832	9,150	832	8,318	
Deferred Refunding Costs							
Golf Course	(70,659)	-	(5,888)	(64,771)	(5,888)	(58,883)	
Airport	(22,167)	-	(1,847)	(20,320)	(1,847)	(18,473)	
Sanitary District	(95,543)		(27,210)	(68,333)	(20,833)	(47,500)	
Subtotal Bond Premiums, Issuance							
and Deferred Refunding Costs	(146,570)	-	(31,462)	(115,108)	(25,085)	(90,023)	
Other Post-Employment Benefit Obligation	-	679,277	63,322	615,955	-	615,955	
Compensated Absences	243,176	191,095	169,949	264,322	183,228	81,094	
	\$ 25,249,167	\$ 952,071	\$ 2,237,438	\$ 23,963,800	\$ 2,178,420	\$ 21,785,380	

Addition of new debt listed above in the amount of \$81,699 for the Airport represents a distribution of the 2006 bonds.

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

A. CHANGES IN NONCURRENT LIABILITIES (CONTINUED)

During the year ended June 30, 2009, the following changes occurred in the noncurrent liabilities of the primary government's Component Units:

COMPONENT UNITS	Retirements											Due in
Board of Education, Free Library,	_	Balance		Additions		and		Balance Due Within		ue Within	More than	
and Housing Authority	Jui	ne 30, 2008	of new debt		Repayments		June 30, 2009		One Year		One Year	
Queen Anne's County												
Board of Education												
Capital Lease	\$	261,176	\$	17,758	\$	115,238	\$	163,696	\$	81,489	\$	82,207
Compensated Absences		787,902		176,981		109,856		855,027		205,212		649,815
Other Post-Employment Benefit Obligation		-		4,372,045				4,372,045				4,372,045
Subtotal		1,049,078		4,566,784		225,094		5,390,768		286,701		5,104,067
Free Library												
Other Post-Employment Benefit Obligation		-		139,766		-		139,766			_	139,766
Housing Authority												
Terrapin Grove Phase II Loan		736,217		-		40,908		695,309		40,908		654,401
Scattered Site Housing												
Reimbursement to County for												
Portion of 2003 Bonds		272,311		-		12,563		259,748		13,301		246,447
Repay Loan from County Housing												
Revolving Loan Fund		502,224		-		-		502,224		-		502,224
Reimbursement to County for												
Portion of 2006 Bonds		355,859		33,463		13,760		375,562		14,276		361,286
Subtotal		1,866,611		33,463		67,231		1,832,843		68,485		1,764,358
	\$	2,915,689	\$	4,740,013	\$	292,325	\$	7,363,377	\$	355,186	\$	7,008,191

The addition of new debt listed above in the amount of \$33,463 for the Housing Authority represents a distribution of the 2006 bonds.

Housing Authority employees are employees of the primary government, which is ultimately liable for their salaries and benefits. Therefore, the County recognized a liability for OPEB obligations and compensated absences for Housing Authority employees as part of the County's governmental activities in the amount of \$117,628 and \$39,396, respectively.

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of Queen Anne's County and constitutes an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds are payable from ad valorem taxes, unlimited as to rate or amount on all real, tangible, personal, and certain intangible property subject to taxation at full rate for local purposes in the County.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Business-type bonds, while representing general obligations of the County government, are to be paid from income earned by the related enterprise fund. Enterprise funds that have such debt are: Water, Sewer, Bay Bridge Airport, Blue Heron Golf Course, and Public Marinas.

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. For governmental funds, the other post-employment benefit obligations are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these obligations are reported in the enterprise fund in which that employee charges the majority of their productive time. Additional information can be found in Note 14, Other Post-Employment Benefits.

Compensated absences that mature during the fiscal year, in that they are paid when the employee takes vacation or compensatory leave or upon the employee's termination, are typically liquidated from the governmental or enterprise fund in which that employee charges the majority of their productive time. It is paid as regular wages. Compensated absences that do not mature during the fiscal year are accrued at year-end as an adjustment to liability for compensated absences. For governmental funds, these adjustments are reported in the government-wide statements in the function in which that employee usually charges their productive time. For enterprise funds, these adjustments are reported in the enterprise fund in which that employee charges the majority of their productive time. In the case of grant-funded activities that disallow compensated absences as an eligible cost, they are paid as administrative wages in the same Fund. Compensated absences in governmental funds are primarily charged to the General Fund or Special Revenue Funds; they are usually not charged to Capital Projects Funds.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

As of June 30, 2009, general obligation bonds and notes payable for governmental activities are comprised of the following, along with other post-employment benefits and accrued compensated absences:

Governmental Activities	Paying Fund	Interest Rate	Year Series Matures	 Amount of Original Issue		Outstanding June 30, 2009		ue Within One Year	Due in More than One Year
General Obligation Bonds Payable 2000 Public Facilities 2002 Refunding Bonds 2003 Public Facilities 2005 Refunding Bonds 2006 Public Facilities Subtotal Bonds Payable	General General General General	4.25%-5.50% 3.00%-5.00% 3.50%-4.50% 3.00%-5.00% 4.000%-5.375%	2010 2013 2023 2019 2027	\$ 31,175,000 6,310,000 13,265,000 30,026,336 23,049,812	\$	1,725,000 3,665,000 10,285,252 28,596,336 21,149,333 65,420,921	\$	1,725,000 835,000 526,699 1,170,000 803,936 5,060,635	\$ 2,830,000 9,758,553 27,426,336 20,345,397 60,360,286
Notes Payable 2009 CELP Loan State of Maryland - Price Ck. State of Maryland - Grove Ck. Subtotal Notes Payable Subtotal Bonds and Notes Payab	General Spec. Rev. Spec. Rev.	2.00% 0.00% 0.00%	2015 2021 2034	122,780 625,000 510,617		114,566 288,000 510,617 913,183 66,334,104	_	16,676 24,000 20,425 61,101 5,121,736	 97,890 264,000 490,192 852,082
2005 Bond Premiums 2005 Bond Issuance Costs 2005 Deferred Refunding Costs 2006 Bond Premiums 2006 Bond Issuance Costs	ie.					764,299 (112,973) (1,660,442) 216,404 (216,404)		76,391 (11,669) (170,483) 12,022 (12,022)	687,908 (101,304) (1,489,959) 204,382 (204,382)
Total Governmental Activities Long-term Obligation under Capital Lease Agreements	General	4.38%	2012	248,460		65,324,988 155,482		5,015,975 49,599	60,309,013
Other Post-Employment Benefit Obligation Accrued Compensated Absences	<u>ation</u>				\$	3,688,090 2,243,389 71,411,949	\$	1,555,115 6,620,689	\$ 3,688,090 688,274 64,791,260

Details relating to the capital lease obligation can be found in Note 9, Section E – Capital Lease Obligations.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize general obligation bonds and notes payable outstanding as of June 30, 2009 for governmental activities are as follows:

Governmental Activities Year Ending			Governn	nental Bonds Pava	ble		Governmental Notes Pavable							
June 30,	June 30, Principal Interest			Total		Principal	lr	nterest		Total				
2010	\$	5,060,635	\$	2,716,696	\$	7,777,331	\$	61,101	\$	2,209	\$	63,310		
2011		5,248,920		2,490,696		7,739,616		61,436		1,873		63,309		
2012		5,456,925		2,286,290		7,743,215		61,777		1,531		63,308		
2013		5,195,087		2,078,642		7,273,729		62,127		1,182		63,309		
2014		5,432,935		1,876,092		7,309,027		62,483		827		63,310		
2015-2019		22,161,417		6,336,049		28,497,466		249,892		557		250,449		
2020-2024		12,152,773		2,275,199		14,427,972		150,125		-		150,125		
2025-2034		4,712,229		382,208		5,094,437		204,242				204,242		
	\$	65,420,921	\$	20,441,872	\$	85,862,793	\$	913,183	\$	8,179	\$	921,362		

These repayment schedules exclude amortization of bond premiums (\$980,703), issuance costs (negative \$329,377), and deferred refunding costs (negative \$1,660,442).

For the year ended June 30, 2009, total principal, debt issuance costs, and interest incurred by governmental funds relating to general obligation bonds and notes payable, less College reimbursements, were \$5,089,347, negative \$423, and \$2,778,490, respectively.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

General obligation bonds and notes payable outstanding as of June 30, 2009 for business-type activities are comprised of the following, as well as other post-employment benefits and accrued compensated absences:

Business -Type Activities	Interest Rate	Year Series Matures	Amount of Original Issue	Jutstanding June 30, 2009	Due Within One Year		Due in More than One Year
Golf Course 2005 Refunding Bonds	3.00%-5.00%	2019	\$ 1,076,075	\$ 916,075	\$	75,000	\$ 841,075
2005 Bond Premiums 2005 Bond Issuance Costs				33,452 (4,286)		3,041 (390)	30,411 (3,896)
2005 Deferred Refunding Costs				 (64,771)		(5,888)	 (58,883)
Subtotal Golf Course				 880,470		71,763	 808,707
Airport							
2005 Refunding Bonds 2006 Public Facilities Bonds	3.00%-5.00% 4.000%-5.375%	2019 2027	337,588 185,990	267,588 271,460		25,000 10,319	242,588 261,141
2005 Bond Premiums				10,495		954	9,541
2005 Bond Issuance Costs				(1,345)		(122)	(1,223)
2005 Deferred Refunding Costs				(20,320)		(1,847)	(18,473)
2006 Bond Premiums				2,777		154	2,623
2006 Bond Issuance Costs				 (2,777)		(154)	 (2,623)
Subtotal Airport				 527,878		34,304	493,574
Public Marinas							
2006 Public Facilities Bonds 2006 Bond Premiums	4.000%-5.375%	2027	4,198	38,645 395		1,469 22	37,176
2006 Bond Issuance Costs				(395)		(22)	373 (373)
State of Maryland - Shore Erosion Loan	0%	2015	102,208	20,442		6,814	13,628
Subtotal Marinas				 59,087		8,283	 50,804
Sanitary District							
2002 Refunding Bonds	3.00%-5.00%	2013	3,385,000	2,080,000		450,000	1,630,000
Maryland Water Quality-Cloverfields	5.09%	2013	4,282,209	856,442		214,110	642,332
Maryland Water Quality-Digester	4.41% 3.50%	2013 2015	1,121,377	357,052 1,411,078		83,533 215,427	273,519 1,195,651
Maryland Water Quality-Bay City Maryland Water Quality-2005 Enhancement	3.50% 1.00%	2015	3,476,961 18,252,291	1,411,078		215,427 845,595	1,195,651
State of Maryland	6.10%	2010	500,000	68,788		33,485	35,303
Bank of America	5.60%	2010	200,000	28,212		18,712	9,500
Queenstown Bank-Cloverfields Hookup	8.13%	2015	435,000	202,085		28,622	173,463
Queenstown Bank-Bay City Hookup	7.90%	2015	205,000	 109,395		12,191	 97,204
Subtotal Debt				21,684,421		1,901,675	19,782,746
Prior Issue Deferred Refunding Costs				 (68,333)		(20,833)	 (47,500)
Subtotal Sanitary District				 21,616,088		1,880,842	19,735,246
Total Enterprise Debt before Other Post-Employment Benefit Obligation a	nd Compensated Ab	sences		23,083,523		1,995,192	21,088,331
Other Post-Employment Benefit Obligation				615,955		-	615,955
Accrued Compensated Absences				264,322		183,228	81,094
Total Enterprise Funds				\$ 23,963,800	\$	2,178,420	\$ 21,785,380

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

B. GENERAL OBLIGATION BONDS, NOTES, OTHER POST-EMPLOYMENT BENEFIT OBLIGATION, AND COMPENSATED ABSENCES (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

The annual requirements to amortize business-type bonds and notes outstanding at June 30, 2009, are as follows:

Business-Type Activities Year Ending		Business-	Type Bonds Paya	ıble			Ві	usiness-	Type Notes Paya	ble	
June 30,	Principal		Interest		Total		Principal		Interest		Total
2010	\$ 561,788	\$	148,587	\$	710,375	\$	1,458,489	\$	386,922	\$	1,845,411
2011	597,285		121,785		719,070		1,474,191		349,912		1,824,103
2012	617,853		92,718		710,571		1,453,235		312,853		1,766,088
2013	433,350		68,298		501,648		1,471,183		277,186		1,748,369
2014	448,989		48,285		497,274		1,183,289		219,140		1,402,429
2015-2019	639,249		123,895		763,144		4,859,903		792,159		5,652,062
2020-2024	206,161		27,632		233,793		4,764,661		533,891		5,298,552
2025-2027	69,093		5,603		74,696		2,959,912		204,451		3,164,363
	\$ 3,573,768	\$	636,803	\$	4,210,571	\$	19,624,863	\$	3,076,514	\$	22,701,377

For the year ended June 30, 2009, total principal and interest incurred by business-type activities relating to bonds and notes payable were \$2,035,629 and \$589,342, respectively.

C. DEFEASANCE OF DEBT

<u>Prior Years' Refunding Bonds</u> – In prior years, Queen Anne's County defeased certain general obligation bonds by placing the proceeds of new bonds with an escrow agent in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements for Queen Anne's County. At June 30, 2009, \$18,465,000 of bonds outstanding are considered defeased. All relate to the 2005 Refunding Bonds that defeased the majority of the County's Series 2000 Bonds.

NOTE 9 – NONCURRENT LIABILITIES (CONTINUED)

D. ISSUANCE OF NEW DEBT

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

During fiscal year 2009, Queen Anne's County received loan proceeds from the Maryland Energy Administration in the amount of \$122,780 as part of the Community Energy Loan Program (CELP). This loan carries an interest rate of 2.0 percent and is to be repaid in 14 semi-annual installments. The first payment was made in June 2009, with final payment scheduled for December 2015. The CELP proceeds will be used for the purchase and installation of a geothermal heat pump for the Kent Island Elementary School.

E. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

In September 2006, Queen Anne's County entered into a capital lease agreement for two roll-off trucks for a net total of \$248,460, after trade-ins. The trucks were purchased for the Solid Waste Department. This lease agreement qualifies as a capital lease; therefore, it has been recorded at the present value of future minimum lease payments as of the inception of the lease.

As of June 30, 2009, the assets acquired and placed in service, net of depreciation, are as follows:

Vehicles	\$ 248,460
Less accumulated depreciation	(64, 185)
Total asset value for capital lease	\$ 184,275

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2009, are as follows:

Fiscal Year Ending		lease			
June 30,	pa	payments			
2010	\$	55,872			
2011		55,872			
2012		55,871			
Total future minimum lease payments Less amount representing interest		167,615 (12,133)			
Net present value of minimum lease payments	\$	155,482			

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND RESERVED/DESIGNATED FUND BALANCES

A. RESTRICTED ASSETS AND RELATED LIABILITIES

PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES

Queen Anne's County Sanitary District

Restricted Fund - The County Commissioners created a restricted fund within the Sanitary District Enterprise Fund in November of 1989 by enabling legislation. Revenue sources to the fund are sales of water and sewer allocations and interest earned on investments. Authorized uses of restricted funds are major capital expenses for repairs, construction, plant expansion, debt service, or other similar uses within the Sanitary District. To date, such funds have been used almost exclusively for debt service.

<u>Debt Service Fund</u> - Principal and interest payments for water and wastewater debt used to expand the service area are payable primarily from water and sewer special benefit assessments. These assessments, made at the time the expansion is ready for use, are created by enabling legislation and amortized over the same life as underlying debt. They constitute a lien on the served property and may be prepaid at any time. The amount of assessments collectable in future years is recorded as benefit assessments receivable. A portion of those assessments receivable is not due currently and is recorded as unearned revenue.

Water Quality Revolving Loan Fund debt covenants stipulate that sufficient financial resources must be available in the Debt Service Fund as of June 30 of each year to cover the subsequent year's debt service payments. If such resources are not available at that time, the covenants require that the County increase service rates, impose benefit assessments, or otherwise increase financial resources so that debt service payments are covered before they are due throughout the year.

The assets and related liabilities restricted for the above purposes at June 30, 2009 are as follows:

	Sanita			
Business -Type Activities	Restricted	D	ebt Service	Total
Current Restricted Assets				
Equity in Pooled Cash	\$ 8,269,792	\$	4,180,188	\$ 12,449,980
Accounts Receivable (Net)	10,119		41,022	51,141
Subtotal	 8,279,911		4,221,210	12,501,121
LESS Current Liabilities Payable from Current Restricted Assets				
Current Portion of Bonds Payable from Restricted Assets	 		(46,456)	 (46,456)
Net Current Restricted Assets	 8,279,911		4,174,754	 12,454,665
Noncurrent Restricted Assets				
Special Assessments Receivable (Net)	1,486,365		2,490,985	3,977,350
LESS Noncurrent Liabilities Payable from Noncurrent Restricted Assets				
Unearned Revenue	 (1,486,365)		(2,316,505)	(3,802,870)
Net Noncurrent Restricted Assets	 		174,480	174,480
Net Restricted Assets	\$ 8,279,911	\$	4,349,234	\$ 12,629,145

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND RESERVED/DESIGNATED FUND BALANCES (CONTINUED)

B. RESTRICTED NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

Net Assets Invested in Capital Assets, Net of Related Debt, for governmental activities, is calculated as follows:

Governmental Activities		
Total Debt excluding Compensated Absences and OPEB Obligation		\$ (65,480,470)
Add back: Debt relating to Board of Education Assets	\$ 50,291,243	
Add back: Debt relating to non-capital assets (Dredging)	798,617	
Add back debt unrelated to Capital Assets		51,089,860
Net Assets Invested in Capital Assets		 137,608,599
Total Capital Assets, net of related debt		\$ 123,217,989

BUSINESS-TYPE ACTIVITIES

Net Assets Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted Net Assets, for business-type activities, are as follows:

Sanitary District							Non-Major		
	Sewer	Water	Restricted	Debt Service	Total	Bay Bridge	Enterprise	Enterprise	
Business-Type Activities	Operating	Operating	Fund	Fund	Sanitary	Airport	Funds	Funds	
Capital Assets, net of Accumulated Depreciation Less: Debt excluding Compensated Absences	\$ 63,123,518	\$ 16,137,613	\$ -	\$ -	\$ 79,261,131	\$ 12,848,699	\$ 7,790,585	\$ 99,900,415	
and OPEB Obligation	19,390,190	1,896,102	-	-	21,286,292	527,878	939,557	22,753,727	
Invested in Capital Assets, Net of Related Debt	43,733,328	14,241,511			57,974,839	12,320,821	6,851,028	77,146,688	
Restricted Net Assets									
Debt Service	-	-	-	4,020,982	4,020,982	-	-	4,020,982	
Capital Projects			753,300		753,300			753,300	
Total Restricted Net Assets	-	-	753,300	4,020,982	4,774,282	-	-	4,774,282	
Total Unrestricted Net Assets	4,400,590	2,237,988	7,486,611		14,125,189	73,508	913,696	15,112,393	
Total Net Assets	\$ 48,133,918	\$ 16,479,499	\$ 8,239,911	\$4,020,982	\$ 76,874,310	\$ 12,394,329	\$ 7,764,724	\$ 97,033,363	

Sanitary District debt, excluding compensated absences and OPEB obligation of \$21,286,292 above, also excludes \$329,796 from the Debt Service Fund, as there are no capital assets related to that debt.

Unrestricted Net Assets total \$15,112,393 above for business-type activities. However, these assets become restricted when included in the Government-Wide Financial Statements found on pages 34 to 35. The Sanitary District's Unrestricted Net Assets found in the Restricted Fund of \$7,486,611 are restricted in that these resources can only be used for capital purchases or debt payments; hence, they are reported in the Restricted Fund. However, the remaining unrestricted net assets noted in the other business-type funds total \$7,625,782 and are restricted when reported in the Government-Wide Financial Statements because they may be used for business-type operations but not for governmental operations.

NOTE 10 – RESTRICTED ASSETS AND LIABILITIES AND RESERVED/DESIGNATED FUND BALANCES (CONTINUED)

C. RESERVED FUND BALANCES

PRIMARY GOVERNMENT

Reserved Fund Balances for governmental funds are as follows:

	General		General Capital		Roads Capital		School Impact		Roads Board	ı	Non-Major	G	Total overnmental
Governmental Funds	 Fund		Projects	_	Projects		Fees		Operating	Go	overnmental		Funds
Reserved Fund Balances													
Loan Receivables	\$ -	\$	-	\$	-	\$	156,809	\$	-	\$	3,399,042	\$	3,555,851
Donor-Specified Purposes	94,436		-		-		-				1,050		95,486
Contingencies per County Code-Mandated													
7% Reserve	7,271,414		-		-		-		-		-		7,271,414
Other Legally Restricted Purposes - Other	1,136,735		-		-		-		490,479		1,077,738		2,704,952
Other Legally Restricted Purposes - Highway Activities	-				-		-		2,434,666		-		2,434,666
Other Legally Restricted Purposes - Capital Projects	-		176,741		343,550		-						520,291
Subtotal	8,502,585		176,741		343,550	_	156,809		2,925,145		4,477,830	_	16,582,660
Prepaid Items	16,067		-		-		-		-		-		16,067
Encumbrances	120,948		7,508,234		1,030,752		-		-		-		8,659,934
Inventory	4,000		-		-		-		388,307				392,307
Subtotal	141,015	_	7,508,234	_	1,030,752			_	388,307		-	_	9,068,308
Total Reserved Fund Balances	\$ 8,643,600	\$	7,684,975	\$	1,374,302	\$	156,809	\$	3,313,452	\$	4,477,830	\$	25,650,968

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The government carries commercial insurance to cover such risks. Certain assets of the County such as roads, bridges, and other infrastructure are not insurable due to their nature.

<u>General Insurance Coverage</u> - The County is a participant in the Local Government Insurance Trust (LGIT), which is a consortium of Maryland local governments created to provide insurance coverage and services to Maryland local governments. The LGIT provides general liability, public officials' liability, fleet insurance, and building and property insurance to its members.

Workmen's compensation and fidelity insurance are obtained from various commercial insurance companies.

<u>Risk Sharing</u> - Subscribers to coverage provided by LGIT share the risk among participants of the pools. As a result, the County's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. Also, the County may be subject to additional assessments from time to time. These amounts would be recorded as expenditures when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

<u>Health Insurance</u> - Effective with the 1996 fiscal year, the County joined together with other Eastern Shore county governments, libraries, and Boards of Education to form the Eastern Shore of Maryland Education Consortium Health Insurance Alliance (ESMEC), a public entity risk pool currently operating as a common risk management and insurance program for health insurance coverage. CareFirst BlueCross BlueShield, of Maryland, administers this program.

The agreement for formulation of the alliance provides that the pool will be self-sustaining through member premiums. In addition to the annual premiums, the pooling agreement provides for additional assessments, if needed, but not to exceed certain limits. No additional assessments were needed for fiscal 2009 and, as of the date of this report, it is believed that there are no outstanding claims in excess of the equity of the trust.

<u>Settlements</u> - For the last three years, settlements have not exceeded insurance coverage for any type of policy in effect.

NOTE 12 - RETIREMENT PLANS

During the fiscal year 2009, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and No. 27*, which did not have a significant impact on the County's financial statements.

Virtually all full and eligible part-time employees of Queen Anne's County, Maryland, and its related agencies including the Housing Authority, are covered by one of the statewide contributory systems of the State of Maryland.

PRIMARY GOVERNMENT AND PUBLIC HOUSING AUTHORITY

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

Description of Plans

The County participates in the following cost-sharing multiple-employer pension plans that are administered by the State of Maryland.

The Employees Pension System of the State of Maryland (<u>Pension System</u>) was established January 1, 1980. The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System.

The Employees Contributory Pension System of the State of Maryland (<u>Contributory Pension System</u>) was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the County elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Effective the first payroll in fiscal year 2007, the County elected to provide its employees with the "Alternate Contributory Pension Selection Plan of the State of Maryland" (<u>Alternate Contributory Pension System</u>), under Title 23 of the State Pension Article. This plan is an enhanced version of the two pension systems described above, and, as such, includes provisions that originate in those plans. Eligible employees not covered by LEOPS, which is described below, are required to participate in this alternate plan in lieu of other plans previously offered. At this time, all current employees not covered by LEOPS participate in the Alternate Contributory Pension System.

The Law Enforcement Officers Pension System (<u>LEOPS</u>) was established July 2, 1990 and adopted by the County on July 1, 2004. LEOPS currently covers uniformed law enforcement officers of the Sheriff's Department.

Under the terms of the <u>Alternate Contributory Pension System</u>, a member may retire after 30 years of service regardless of age; at age 65 with two years of service; at age 64 with three years of service; at age 63 with four years of service; or at age 62 with at least five years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 62.

Under the terms of the <u>LEOPS</u>, a member may retire with full benefits upon attaining age 50 or after completing 25 years of eligible service regardless of age. LEOPS members are not eligible for early service retirement allowances. A member terminating employment before attaining retirement age, but after completing five years of eligible service, becomes eligible for a vested pension allowance upon reaching age 50.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

PRIMARY GOVERNMENT AND PUBLIC HOUSING AUTHORITY (CONTINUED)

On retirement from service, a member of any of these plans shall receive an annual service retirement allowance based on the member's average final compensation (based on the highest three years' wages) and years of creditable service multiplied by a factor. This factor varies from 1.2% to 1.8% for the Alternate Plan or 2.0% for LEOPS. The factor is applied per eligible service year, depending on employee/employer contributions and other plan-specific provisions. Early retirement, where available, is subject to provisions that reduce the benefit received.

Benefits under these plans are established under the State Personnel and Pensions Article of the Annotated Code of Maryland.

The State Retirement and Pension System of Maryland issues a comprehensive annual financial report that includes disclosures regarding: actuarial value of assets; total actuarial accrued liability; unfunded actuarial accrued liability, if any; and funded liability ratio. This report can be obtained from the agency's office as follows:

State Retirement and Pension System of Maryland 120 E. Baltimore St, Suite 1601 Baltimore, Maryland 21202-1600

Funding Policy

Obligations to contribute to the plans are established under the Annotated Code of Maryland. Employees who are members of these two plans contribute a percentage of their gross employee compensation. Members of the Alternate Contributory Pension System contribute 5 percent and LEOPS members contribute 4 percent.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to both State plans take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for the year ending June 30, 2009 is based on salaries for the year ending June 30, 2008. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The County's contributions for the fiscal years ending June 30th were equal to the actuarially determined amounts as follows:

	Fiscal Year Ending									
Retirement Plan Contributions	June 30, 2009			ine 30, 2008	June 30, 2007					
Total Payroll	\$	27,725,213	\$	25,633,969	\$	23,050,582				
Covered Payroll Pension System LEOPS		21,756,765 2,646,509		20,349,987 2,156,204		18,299,851 1,901,081				
Expenditure/Expense Pension System LEOPS		1,540,473 490,008		1,639,121 536,266		1,383,040 399,856				

NOTE 12 - RETIREMENT PLANS (CONTINUED)

OTHER COMPONENT UNITS

Queen Anne's County Board Of Education

The employees of the Board of Education (other than part-time employees not eligible for participation in the plans) are covered by one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Board's share of contributions for teachers and administration employees is primarily the responsibility of the State. In fiscal year 2009, State contributions on behalf of the Board are approximately \$4,716,217. This contribution is recognized as both revenue and expenditure for the Board. An additional \$572,990 is contributed by the Board of Education for other covered employees.

Detailed information concerning the Queen Anne's County Board Of Education retirement plan is presented in their June 30, 2009 financial statements, which are publicly available.

Queen Anne's County Free Library

The employees of the Library (other than part-time employees not eligible for participation in the plans) are covered under one of four defined-benefit retirement plans that are administered by the State Retirement and Pension System of Maryland. The Library's share of contributions for employees is primarily the responsibility of the State. In fiscal year 2009, State contributions on behalf of the Library are approximately \$78,512. These contributions are recognized as both revenue and expenditures for the Library. An additional \$38,376 is contributed by the Library for other covered employees.

Detailed information concerning the Queen Anne's County Free Library retirement plan is presented in their June 30, 2009 financial statements, which are publicly available.

NOTE 13 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The County has no liability for losses under the plan.

Investments are managed by the plan's administrator based on several different investment options, or combinations thereof. The choice of the investment option(s) to be used is made by each participant. The County has no management control over the assets of the plan. Accordingly, per GASB Statement No. 32, the assets of the plan are not included in these financial statements.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS

During fiscal year 2009, the County implemented the Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* and GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. To implement these Statements, the County will report information relating to non-pension related post-employment benefits on an accrual basis rather than on a pay-as-you-go basis, as has been done in the past.

Other Post-Employment Benefit Trust (OPEB Trust)

On June 23, 2009, the County enacted County Ordinance No. 09-12, which establishes a Trust entity entitled "Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies" (OPEB Trust). The purpose of the OPEB Trust is to: (1) fund costs of health insurance and other post-employment benefits to eligible retirees of the primary government (including the Queen Anne's County Public Housing Authority), the Queen Anne's County Board of Education, and the Queen Anne's County Free Library; (2) accumulate and invest financial resources for this purpose; (3) provide health insurance and other post-employment benefits for eligible retirees; and (4) provide related administrative services.

Other agencies and political subdivisions have the right to participate in this Trust now and in the future. Such unrelated entities may deposit funds with the Trust for investment purposes related to their OPEB plans. At June 30, 2009, funds in the amount of \$155,005 were held by the Trust on behalf of Kent County, Maryland for the benefit of their plan participants.

OPEB Trustees have exclusive authority to manage the assets of the Trust. The Board of Trustees consists of five members: two representing Queen Anne's County Government; two representing the Queen Anne's County Board of Education; and one representing Kent County. In lieu of separate financial statements for the OPEB Trust, Queen Anne's County presents the Trust entity's complete financial statements within this document.

Plan Description

The County's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit healthcare plan that covers retired employees of the primary government, the Queen Anne's County Board of Education, and the Queen Anne's County Free Library. The Plan was established as specified in County Ordinance No. 09-12.

Plan descriptions and actuarial assumptions for each participant are described: (1) as follows below for the primary government and (2) in financial statements issued separately for all other participants, which are component units of the primary government. Addresses for other participants are noted below in this Note.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Primary Government

The County's post-employment plan provides medical insurance benefits to retirees and their eligible dependents. Depending on the years of County service, the retiree is eligible for a subsidy provided by the County for a specific portion of the cost of the health insurance. The following table describes the primary government's health insurance post-employment benefit plan in effect at this time:

Years of County Service Prior to Retirement	Subsidy Level Description							
Retiree retired with 15 years of County service	Retiree or eligible dependent shall be entitled to receive fifty- four percent (54%) of selected County health insurance premium costs.							
Retiree retired with 16 years of County service but less than 25 years of County Service	Retiree or eligible dependent shall be entitled to receive three and six tenths percent (3.6%) of selected County health insurance premium costs for every full year of County service.							
Retiree with 25 years or more of County Service	Retiree or eligible dependent shall be entitled to receive ninety percent (90%) of selected County health insurance premium costs.							
A person in receipt of a special death benefit under the Maryland State Retirement/Pension System	Retiree or eligible dependent shall be entitled to receive ninety percent (90%) of selected County health insurance premium costs.							
Retiree retired with less than 15 years of County service	Retiree or eligible dependent shall be entitled to remain in the County's health insurance plan if they pay the full rate to cover all County health insurance premium costs.							
All eligible retirees	Coverage may include the retiree, spouse and dependents. Coverage does not cease upon death of the retiree.							

Component Units

The other participating entities provide medical benefits to eligible employees who retire from employment with each respective agency. Benefits and eligibility requirements vary among the different agencies. Each agency pays a percentage of the health insurance premium based on certain criteria, including length of service. In addition to medical benefits, the Board of Education pays the cost of providing term life insurance for its retirees in varying amounts, depending upon length of service and date of retirement.

For detailed information on plan benefits provided by other participating agencies, as well as actuarial assumptions used to estimate OPEB obligations, see the agencies' separately-issued financial statements, which can be obtained from their administrative offices as listed below:

Board of Education of Queen Anne's County 202 Chesterfield Avenue Centreville, Maryland 21617

The Queen Anne's County
Free Library
121 S. Commerce Street
Centreville, Maryland 21617

Queen Anne's County Housing Authority c/o Queen Anne's County Finance Office 107 N. Liberty Street Centreville, Maryland 21617

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

Plan membership at July 1, 2008, the date of actuarial valuation, consisted of the following:

Plan Membership	Active	Retirees
County and		
Housing Authority	479	73
Board of Education	844	195
Library	12	2
Total	1335	270

Basis of Accounting and Financial Statements

The Plan's financial information is prepared based on full accrual accounting. Expenses are recognized on the accrual basis as retirees' insurance costs are incurred. For further information, see Required Supplementary Information, which follow these Notes on page 106, and Combining Statements, located on pages 152 to 153.

Contributions

Each participating agency has the authority to establish and amend benefit provisions that result in contribution requirements of the plan members and the agency. The Plans are contributory plans in which the agencies and their retired members and beneficiaries contribute certain amounts toward the current cost of the healthcare benefits, based on an actuarial valuation. During fiscal year 2009, as shown in the table below, plan members and beneficiaries receiving benefits contributed a total of \$710,313 (21.6 percent of current contributions). In addition, the primary government and its component units contributed a total of \$2,581,144 (78.4 percent). This amount consisted of \$1,551,144 for current premiums, claims and administrative expenses incurred on behalf of current retirees, plus another \$1,030,000 toward pre-funding future benefits. Net assets held in trust at June 30, of \$1,030,037, include the pre-funding amount and investment earnings. Combining financial statements may be found after the Notes and RSI on pages 152 to 153.

<u>Contributions</u>	Retirees	Employer	Total <u>Contributions</u>	Retiree <u>Percentage</u>	Employer Percentage
County and Housing Authority Board of Education Library	\$ 182,137 525,000 3,176	\$ 1,007,955 1,534,955 38,234	\$ 1,190,092 2,059,955 41,410	15.3% 25.5% 7.7%	84.7% 74.5% 92.3%
Total	\$ 710,313	\$ 2,581,144	\$ 3,291,457	21.6%	78.4%

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

Each employer is required to contribute its annual required contribution (ARC), which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB cost, the amounts actually contributed to the trust, and the unfunded net OPEB obligation (NOO) for the year ended June 30, 2009 were as follows:

Percentage of ARC Contributed Total for All Employers	Fiscal Year Ended June 30 2009	Annual Required Contribution \$ 11,397,000	Percentage Contributed 22.65%	
Funding Progress	County and Housing Authority	Board of Education	Library	Total for All Employers
Beginning of the Year NOO Annual Required Contribution (ARC) Employer Contributions	\$ - 5,312,000 (1,007,955)	\$ - 5,907,000 (1,534,955)	\$ - 178,000 (38,234)	\$ - 11,397,000 (2,581,144)
End of the Year NOO	\$ 4,304,045	\$ 4,372,045	\$ 139,766	\$ 8,815,856

Funding Status and Funding Progress

As of July 1, 2008, the date of the most recent actuarial valuation, the total actuarial accrued liability (AAL) for all plans, as shown below, was \$113,876,000. As there were no actuarial plan assets at that time, the unfunded actuarial accrued liability (UAAL) was also \$113,876,000. The annual covered payroll of all active employees covered by the respective plans was \$49,085,982 and the ratio of the unfunded actuarial accrued liability to covered payroll was 231.99 percent for the Trust as a whole.

Funding Progress	Valuation Date	Value of Unfunded Assets at Accrued Accrued Valuation Liability Liability Date (AAL) (UAAL)		Accrued Accrued Liability Liability		Covered Payroll	UAAL as a Percentage of Covered Payroll
County and Housing Authority	July 1, 2008	\$ -	\$ 49,107,000	\$ 49,107,000	0.00%	\$ 23,690,163	207.29%
Board of Education	July 1, 2008	-	62,759,000	62,759,000	0.00%	24,267,735	258.61%
Library	July 1, 2008		2,010,000	2,010,000	0.00%	1,128,084	178.18%
Total		\$ -	\$ 113,876,000	\$ 113,876,000	0.00%	\$ 49,085,982	231.99%

The schedule of funding progress, presented as required supplementary information (RSI) on page 106 following the Notes, will present multiyear trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This year's schedule shows only the initial year of funding.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2009, the annual required contribution (ARC), or annual OPEB cost, was based on actuarial valuations as of July 1, 2008, the latest valuation available on the date the County Commissioners and governing bodies of all participating agencies were required to approve their fiscal year 2009 budgets.

As noted in the table below, the total ARC for all plans was \$11,397,000 as of June 30, 2009. Actual funding was \$2,581,144, or 22.65 percent of the ARC, resulting in a Net OPEB Obligation (NOO) of \$8,815,856 remaining at fiscal year end.

Net OPEB Obligation	 uarial Unfunded crued Liablility (1)	Actu	nortization of arial Unfunded trued Liablility (2)		Normal Cost (3)		Annual Required Contribution (ARC) (2)+(3)		ARC Funding (4)		Net OPEB Obligation (NOO) (2)+(3)-(4)	Percentage of ARC Contributed	ARC Based on Interest Rate
County and Housing Authority	\$ 49,107,000	\$	2,169,000	\$	3,143,000	\$	5,312,000	\$	1,007,955	\$	4,304,045	18.98%	4.76%
Board of Education	62,759,000		2,494,000		3,413,000		5,907,000		1,534,955		4,372,045	25.99%	4.00%
Library	 2,010,000		93,000	_	85,000	_	178,000	_	38,234	_	139,766	21.48%	4.76%
Total	\$ 113,876,000	\$	4,756,000	\$	6,641,000	\$	11,397,000	\$	2,581,144	\$	8,815,856	22.65%	

Funding for the ARC for Queen Anne's County and the Housing Authority, listed above in the amount of \$1,007,955, consists of \$507,955 pay-as-you-go benefits paid by the County plus \$488,256 and \$11,744 toward pre-funding future benefits paid by the County and the Housing Authority, respectively. Net OPEB Obligation (NOO) for Queen Anne's County and the Housing Authority, listed above in the amount of \$4,304,045, consists of \$4,186,417 for the Queen Anne's County portion and \$117,628 for the Housing Authority.

Actuarial Methods and Assumptions

The actuarial valuations of the individual plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, such as future employment, mortality, and healthcare costs. The actuarially determined amounts regarding the funded status of the plans and the annual required contributions (ARC) of the County and other participating agencies are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Actuarial assumptions used in the actuarial valuation for the County's plan were:

Actuarial Assumptions for Primary Government

Actuarial valuation date July 1, 2008

Actuarial cost method Projected unit credit

Amortization method Level percentage of payroll

Amortization period 30 years

Interest Assumptions 4.76% investment rate of return

Asset valuation method Fair value

Salary increases 3% per year

Mortality RP 2000, separate tables for males and

females

Actuarial trend assumptions Based on Society of Actuaries Long Term

Medical Trend and baseline assumptions - Initial rate of 9% decreasing gradually. From 2050-2059 medical costs are assumed to increase 5.9% per year.

NOTE 15 – DEFICIT EQUITY BALANCES

General Capital Projects Fund

The General Capital Projects Fund has a deficit equity balance in unrestricted net assets of \$2,855,759 as of June 30, 2009.

During fiscal year 2008, \$12.2 million in cash was transferred from the General Fund to the General Capital Projects Fund to cover projects that had incurred expenses, but were due to be funded with bond proceeds. However, the County postponed going to the bond market from fiscal year 2008 to early fiscal year 2010. In November 2009, the bonds were issued for \$29.9 million and funds were allocated to cover a number of capital projects, many of which had been completed during fiscal years 2008 and 2009. Therefore, the deficit balance in the General Capital Projects Fund is a result of timing. With the issuance of the bonds in fiscal year 2010, the unrestricted net assets balance becomes positive again.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

PRIMARY GOVERNMENT

<u>Grants</u> - The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by these grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable as of June 30, 2009 may be impaired. The County's management believes that there are no significant contingent liabilities that must be recorded relating to compliance with the rules and regulations governing these programs.

Further, certain grants for capital projects, such as various park projects funded by the State, must be used for the intended purpose of the grant. If, at any time during the useful lives of these projects, the facilities cease to operate in their intended capacity, the County may be required to reimburse the granting agency that portion of the grant or note that is equal to the percentage of useful life remaining. The County's Management believes that no such grant reimbursements will be needed.

<u>Loan Guarantees</u> - The County Government has agreed to provide a guarantee on a loan to Crossroads Community, Inc., a non-profit corporation. The original amount of the loan was \$294,627; the amount outstanding as of June 30, 2009 is \$19,175.

The County Government has also agreed to provide a guarantee on a loan to Day Care, Inc. The original amount of this loan was \$224,728, of which \$54,330 is outstanding as of June 30, 2009.

NOTE 17 – JOINT VENTURE

The County Commissioners, in conjunction with Talbot, Caroline, and Kent Counties, created the Midshore Regional Landfill in 1991. The landfill, located in Talbot County, is owned and operated by the Maryland Environmental Service and is designed to serve the four-county area for a twenty-year period. Given that this twenty-year period is set to expire in December 2010, the Maryland Environmental Service has retained Geosyntec Consultants of Columbia, Maryland as the lead design firm for a new landfill to be built in Caroline County. This new state-of-the-art facility, Midshore II, is scheduled to open in 2011. The Midshore Regional Landfill Joint Venture plans to fund construction of the new Caroline County landfill with bond proceeds. After the facility in Caroline County reaches capacity, another landfill will be constructed in Queen Anne's County, with Kent County to follow in turn. Each County is required to, and has, set aside sufficient land to construct a landfill within their borders. The agreement expires when the last of the four landfills is closed.

Each County is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the County governments. Queen Anne's County paid \$479,012 in tipping fees to the facility during fiscal 2009.

Each of the participating Counties is contingently liable for the project debt. Queen Anne's County's share of this contingent liability is \$3,803,705 as of June 30, 2009. Additionally, the participating Counties are contingently liable for closure costs of the landfill; the County's potential share of this liability is \$3,286,946. Based on the capacity of the landfill used to date, it is expected that the landfill will be closed in 2010. The Maryland Environmental Service has instituted a plan to fund all debt and closure costs from the facility's revenues. The project has sufficient revenues and reserves at this time to lead the County to believe that no expenditure of County funds will be required.

NOTE 17 – JOINT VENTURE (CONTINUED)

Audited financial statements for this project can be obtained as follows:

Maryland Environmental Service 259 Najoles Road Millersville, Maryland 21108

NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS

During fiscal year 2009, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

During the prior fiscal year, 2008, the County agreed to a voluntary Methyl Tertiary Butyl Ether (MTBE) testing program for underground fuel tanks located at the County's Department of Public Works' fuel depot. This testing program was and still is approved by the Maryland Department of Environment (MDE).

The County implemented the initial phases of this testing program during fiscal years 2008 and 2009 and spent \$170 thousand and \$26 thousand, respectively, in each year. Costs covered remediation work and consulting fees; the latter for testing, studies, and monitoring.

Remediation efforts included demolition and removal of the existing fuel depot at the Public Works Centreville Shop; remediation of the soils via excavation; offsite controlled disposal and backfill; installation of monitoring wells; and miscellaneous environmental consulting services.

Consulting services included a feasibility study, which was completed during fiscal year 2009, and the results of the study were reviewed and commented on by MDE. The County has since addressed those comments and expects to receive a confirmation letter in connection with the study from MDE in February 2010.

It is anticipated that a final remediation solution will be decided and agreed upon by the County and MDE during fiscal year 2010. Remediation, involving significant excavation, offsite controlled disposal, and backfill with clean material, should be concluded before the end of calendar year 2010, or fiscal year 2011.

No liability has been recorded at this time, as specific remediation requirements are not yet known and costs cannot be reliably estimated. None of these outlays met the requirements for capitalization noted in GASB Statement 49 and they were not capitalized.

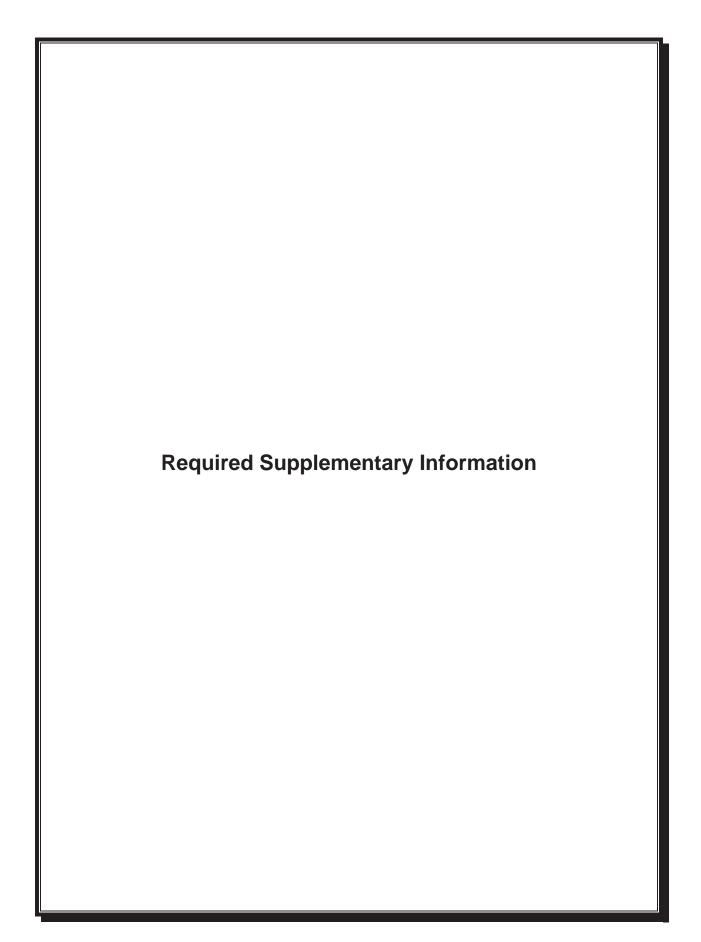
NOTE 19 – SUBSEQUENT EVENTS

Issued Bonds for Completed Capital Projects

During fiscal years 2008 and 2009, a number of large capital projects were completed, each with bond proceeds as a significant source of funding. As the County did not go to the bond market during this period, a total of \$12.2 million was transferred from the General Fund to the General Capital Projects Fund during fiscal year 2008 as a one-time transfer. During fiscal year 2009, no further transfers were needed. As of June 30, 2009, the General Capital Projects Fund had a total fund balance of \$4.8 million, of which \$7.7 million was reserved to meet capital commitments of the prior period (encumbrances), leaving an unrestricted deficit of \$2.9 million.

In November 2009, which is fiscal year 2010, the County issued bonds for \$29.9 million. Funds from these bonds were allocated to cover a number of capital projects, in keeping with bond covenants, for which most expenditures had been made in fiscal years 2008 and 2009.





QUEEN ANNE'S COUNTY, MARYLAND REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2009

OTHER POST-EMPLOYMENT BENEFITS TRUST

The following required supplementary information relates to the OPEB Trust entity described in Note 14. This information is intended to help users assess the system's funding status on a going-concern basis; assess progress made in accumulating assets to pay benefits when due; and make comparisons among employers.

The Schedule of Funding Progress and the Schedule of Participating Agencies' Contributions will present multiyear trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This year's schedules show only the initial year of funding.

SCHEDULE OF FUNDING PROGRESS

Funding Progress	Valuation Date	Value of Assets at Accrued Valuation Liability Date (AAL)		Assets at Accrued Accrued ation Valuation Liability Liability		Liability Liability		Covered Payroll	UAAL as a Percentage of Covered Payroll
County and Housing Authority	July 1, 2008	\$ -	\$ 49,107,000	\$ 49,107,000	0.00%	\$ 23,690,163	207.29%		
Board of Education	July 1, 2008	-	62,759,000	62,759,000	0.00%	24,267,735	258.61%		
Library	July 1, 2008		2,010,000	2,010,000	0.00%	1,128,084	178.18%		
Total		\$ -	\$ 113,876,000	\$ 113,876,000	0.00%	\$ 49,085,982	231.99%		

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability (Funded Ratio) provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system is becoming. In this fiscal year, the Funded Ratio will be zero for all participating agencies, because the date of the most recent actuarial valuation, July 1, 2008, preceded the date on which assets were contributed to the OPEB Trust.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system is becoming. In this fiscal year, the UAAL as a percentage of covered payroll is 231.99 percent.

SCHEDULE OF PARTICIPATING AGENCIES' CONTRIBUTIONS

Percentage of ARC Contributed	Fiscal Year Ended June 30	Annual Required Contribution (ARC)	 ARC Contributed	Percentage of ARC Contributed	-	Net OPEB Obligation (NOO)
County and Housing Authority	2009	\$ 5,312,000	\$ 1,007,955	18.98%	\$	4,304,045
Board of Education	2009	5,907,000	1,534,955	25.99%		4,372,045
Library	2009	 178,000	 38,234	21.48%		139,766
Total		\$ 11,397,000	\$ 2,581,144	22.65%	\$	8,815,856

QUEEN ANNE'S COUNTY, MARYLAND REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2009

BUDGETARY COMPARISONS FOR GENERAL AND MAJOR SPECIAL REVENUE FUNDS

Required Supplementary Information provides budget-to-actual comparisons for the General Fund and those major special revenue funds that adopt annual budgets.

Budget-to-actual variances are presented on the following pages for the General Fund and the Roads Board Operating Fund, both of which adopt annual budgets.

For the General Fund, the Schedules provide summary budgetary information, followed by detailed information reported separately by revenues and expenditures with budget variances.

For the Roads Board Operating Fund, the Schedules provide summary budgetary information.

Budgets are adopted using the same method of accounting as that used for reporting purposes, i.e. according to generally accepted accounting principles as used in the United States of America (GAAP).



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL		FINAL			POSITIVE
	BUDGET		BUDGET	 ACTUAL	1)	NEGATIVE)
<u>REVENUES</u>						
Taxes						(
Local Property Tax	\$ 54,396,626	\$	55,444,798	\$ 55,337,698	\$	(107,100)
Local Income Tax	36,000,993		36,000,993	35,988,334		(12,659)
Admission and Amusement Taxes	240,000		240,000	176,691		(63,309)
Recordation Taxes	4,500,000		4,064,812	2,930,197		(1,134,615)
Hotel Taxes	500,000		500,000	428,998		(71,002)
Licenses and Permits	802,872		802,872	874,639		71,767
Intergovernmental	1,565,965		2,240,890	1,991,356		(249,534)
Charges for Current Services	1,981,347		2,055,057	1,777,167		(277,890)
Fines and Forfeitures	25,100		25,100	30,874		5,774
Investment Income	1,950,000		1,450,000	397,616		(1,052,384)
Donations	11,000		11,795	10,344		(1,451)
Miscellaneous	 83,951	-	95,931	 1,771,223	-	1,675,292
Total Revenues	 102,057,854		102,932,248	 101,715,137		(1,217,111)
EXPENDITURES						
Current						
General Government	10,504,320		10,413,890	9,871,927		541,963
Public Safety	20,771,225		21,152,011	20,083,251		1,068,760
Public Works	3,794,401		3,922,908	3,319,967		602,941
Health	1,605,720		1,706,298	1,572,848		133,450
Social Services	259,140		247,323	243,535		3,788
Education	48,919,458		48,927,438	48,856,359		71,079
Parks and Recreation	3,026,976		3,016,178	2,885,148		131,030
Library	1,311,432		1,392,499	1,390,398		2,101
Conservation of Natural Resources	613,613		568,425	540,541		27,884
Economic/Community Development	1,295,935		1,332,274	1,148,312		183,962
Miscellaneous	910,003		1,010,702	702,558		308,144
Reversions	(346,123)		(338,123)	· -		(338,123)
Capital Outlay	648,264		1,457,675	750,431		707,244
Debt Service						
Principal	4,895,252		4,993,706	5,065,347		(71,641)
Interest and Fiscal Charges	 2,840,596		2,751,585	 2,778,490		(26,905)
Total Expenditures	 101,050,212		102,554,789	 99,209,112		3,345,677
Excess of Revenues Over Expenditures	1,007,642		377,459	2,506,025		2,128,566
	 1,001,012			 _,000,000		_,:,:
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-		-	122,780		122,780
Insurance Proceeds	-		-	19,404		19,404
Proceeds of Capital Asset Disposals	-		-	9,554		9,554
Transfers In	1,642,183		2,145,572	2,020,214		(125,358)
Transfers Out	 (2,999,825)		(3,096,212)	 (2,573,612)		522,600
Total Other Financing Sources (Uses)	 (1,357,642)		(950,640)	 (401,660)		548,980
Net Increase (Decrease) in Fund Balance	\$ (350,000)	\$	(573,181)	2,104,365	\$	2,677,546
Fund Balances, July 1				 12,921,078		
Fund Balances, June 30				\$ 15,025,443		

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

				VARIANCE
	ORIGINAL	FINAL	ACTUAL	POSITIVE
TAXES - LOCAL	BUDGET	BUDGET	REVENUES	(NEGATIVE)
Local Property Taxes				
Real and Personal Property (Net)	\$ 52,941,626	\$ 53,989,798	\$ 53,842,995	\$ (146,803)
Railroad and Public Utilities	1,300,000	1,300,000	1,237,144	(62,856)
Penalties and Interest	155,000	155,000	257,559	102,559
Total Local Property Taxes	54,396,626	55,444,798	55,337,698	(107,100)
Local Income Tax	36,000,993	36,000,993	35,988,334	(12,659)
Other Local Taxes				
Admission and Amusement Tax	240,000	240,000	176,691	(63,309)
Recordation Tax	4,500,000	4,064,812	2,930,197	(1,134,615)
Hotel Tax	500,000	500,000	428,998	(71,002)
Total Other Local Taxes	5,240,000	4,804,812	3,535,886	(1,268,926)
Total Taxes - Local	95,637,619	96,250,603	94,861,918	(1,388,685)
LICENSES AND PERMITS				
Beer, Wine and Liquor	102,000	102,000	103,110	1,110
Traders	83,500	83,500	84,003	503
Marriage Licenses	3,000	3,000	(1,290)	(4,290)
Animal Control	33,000	33,000	41,429	8,429
Electrical Board of Examiners	40,000	40,000	33,580	(6,420)
Electrical Inspections	9,200	9,200	7,785	(1,415)
Cable TV	260,000	260,000	306,155	46,155
Zoning Permits	62,272	62,272	66,033	3,761
Plumbing Permits	91,000	91,000	79,818	(11,182)
Sediment Fees	16,200	16,200	18,002	1,802
Building Permits	101,500	101,500	133,483	31,983
Other	1,200	1,200	2,531	1,331
Total Licenses and Permits	802,872	802,872	874,639	71,767
INTERGOVERNMENTAL				
Police Protection	345,000	345,000	341,224	(3,776)
Fire/Rescue/Ambulance	600,000	600,000	542,173	(57,827)
Conservation of Natural Resources	35,000	35,000	-	(35,000)
Other	585,965	1,260,890	1,107,959	(152,931)
Total Intergovernmental	1,565,965	2,240,890	1,991,356	(249,534)

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
CHARGES FOR CURRENT SERVICES Discovery Fees	\$ 1,900	\$ 1,900	\$ 2,099	\$ 199
Rezoning Filing	3,000	3,000	1,500	(1,500)
Zoning Appeals	9,000	9,000	7,900	(1,100)
Development Review	139,820	209,820	181,793	(28,027)
Sheriff	84,391	88,101	89,405	1,304
Ambulance Fee	829,400	829,400	664,723	(164,677)
Detention Center Fees	325,000	325,000	305,320	(19,680)
Recycling	128,000	128,000	107,693	(20,307)
Disposal Fees	325,000	325,000	285,145	(39,855)
Inspection Fees	-	-	26,087	26,087
Recreation Fees	69,970	69,970	56,717	(13,253)
Johnsongrass Spraying	60,000	60,000	42,804	(17,196)
Merchandise Sales	366	366	1,281	915
4-H Park Fees	5,500	5,500	3,500	(2,000)
Miscellaneous User Fees			1,200	1,200
Total Charges for Current Services	1,981,347	2,055,057	1,777,167	(277,890)
FINES AND FORFEITURES				
Court Fines	25,100	25,100	29,805	4,705
Confiscated Assets		-	1,069	1,069
Total Fines and Forfeitures	25,100	25,100	30,874	5,774
INVESTMENT INCOME	1,950,000	1,450,000	397,616	(1,052,384)
MISCELLANEOUS REVENUES AND DONATIONS				
Rental Income	28,000	28,000	38,613	10,613
Donations	11,000	11,795	10,344	(1,451)
Miscellaneous	55,951	67,931	1,732,610	1,664,679
Total Miscellaneous Revenues and Donations	94,951	107,726	1,781,567	1,673,841
OTHER FINANCING SOURCES				
Issuance of Debt	-	-	122,780	122,780
Insurance Proceeds	-	-	19,404	19,404
Proceeds of Capital Asset Disposals Transfers In:	-	-	9,554	9,554
Impact Fees - School	1,408,120	1,408,120	1,408,120	-
Capital Projects	162,410	665,799	543,019	(122,780)
Kent Narrows	39,427	39,427	39,415	(12)
Community Partnerships	26,226	26,226	23,660	(2,566)
Economic Development Commission	6,000	6,000	6,000	-
Total Transfers In	1,642,183	2,145,572	2,020,214	(125,358)
Total Other Financing Sources	1,642,183	2,145,572	2,171,952	26,380
Total General Fund Revenues and Other Financing Sources				
Before Appropriated Fund Balance	103,700,037	105,077,820	103,887,089	(1,190,731)
Fund Balance - Appropriation (Surplus)	350,000	953,790		(953,790)
Total General Fund Revenues, Other Financing Sources and Fund Balance Appropriation	\$ 104,050,037	\$ 106,031,610	\$ 103,887,089	\$ (2,144,521)

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2009

			ΓUAL				VARIANCE	
	PERSONNEL	OTHER	CAPITAL		ORIGINAL	FINAL	POSITIVE	
OFNER AL GOVERNMENT	COSTS	OPERATING	OUTLAY	TOTAL	BUDGET	BUDGET	(NEGATIVE)	
GENERAL GOVERNMENT Legislative	\$ 559,352	\$ 206,920	\$ 32,799	\$ 799,071	\$ 854,283	\$ 815,733	\$ 16,662	
Legisiauve	φ 339,332	φ 200,320	ψ 32,799	φ 199,011	ψ 034,203	ψ 015,755	ψ 10,002	
Judicial								
Circuit Court/Macro Mediation/Family Services/Court Master	185,934	222,769	-	408,703	562,331	514,731	106,028	
Orphan's Court	57,994	4,773	-	62,767	65,228	65,228	2,461	
State's Attorney/Victim Witness/Cease Fire	1,104,347	44,685	-	1,149,032	1,215,230	1,213,210	64,178	
Executive								
County Administrator	424,828	16,804	-	441,632	411,258	456,258	14,626	
Elections								
Board of Election Supervisors	23,882	386,315	5,115	415,312	492,089	417,089	1,777	
Financial Administration	770,027	201,117		971,144	1,038,555	991,555	20,411	
Human Resources Administration	416,177	119,485	-	535,662	563,607	539,607	3,945	
Planning	495,371	27,300	1,003	523,674	571,579	542,612	18,938	
Zoning	1,369,206	279,994	-	1,649,200	1,818,176	1,891,943	242,743	
Management Information Systems	463,804	166,300	-	630,104	674,044	674,044	43,940	
General Services	661,649	1,230,396	-	1,892,045	2,052,012	1,956,012	63,967	
Other General Government								
Liquor Board	70,351	3,531	-	73,882	86,072	83,272	9,390	
Electrical Board	4,726	989	-	5,715	10,241	10,241	4,526	
Legal		352,901		352,901	291,040	336,040	(16,86	
Total General Government	6,607,648	3,264,279	38,917	9,910,844	10,705,745	10,507,575	596,731	
PUBLIC SAFETY								
Sheriff's Office	5,086,666	745,701	417,171	6,249,538	5,745,730	6,454,628	205,090	
/olunteer Fire and Rescue Services	-	3,258,713	13,648	3,272,361	3,344,648	3,344,649	72,288	
Detention Center	2,928,752	861,393	· -	3,790,145	4,420,942	4,425,296	635,15	
Animal Control	684,101	144,885	-	828,986	821,227	851,624	22,638	
mergency Services	5,305,802	1,067,238	166,640	6,539,680	6,659,517	7,142,379	602,699	
Total Public Safety	14,005,321	6,077,930	597,459	20,680,710	20,992,064	22,218,576	1,537,866	
PUBLIC WORKS								
Administration	467,434	7,243	-	474,677	509,627	509,627	34,950	
Other Public Roads	185	21,595	-	21,780	20,179	42,179	20,399	
Solid Waste Disposal	1,212,878	849,257	100,605	2,162,740	2,622,901	2,794,383	631,643	
ingineering Division	702,344	59,031		761,375	860,694	860,694	99,319	
Total Public Works	2,382,841	937,126	100,605	3,420,572	4,013,401	4,206,883	786,311	
HEALTH_								
lealth Department	109,817	1,463,031		1,572,848	1,605,720	1,706,298	133,450	
SOCIAL SERVICES								
MEAP - MD Energy Assistance Program	112,107	-	-	112,107	124,659	112,842	735	
Other Social Services	124,928	6,500	-	131,428	134,481	134,481	3,053	
Total Social Services	237,035	6,500		243,535	259,140	247,323	3,788	

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

					VARIANCE		
	PERSONNEL COSTS	OTHER OPERATING	CAPITAL OUTLAY	TOTAL	ORIGINAL BUDGET	FINAL BUDGET	POSITIVE (NEGATIVE)
EDUCATION							
Board of Education	\$ -	\$ 47,176,250	\$ -	\$ 47,176,250	\$ 47,168,270	\$ 47,176,250	\$ -
Chesapeake College		1,680,109		1,680,109	1,751,188	1,751,188	71,079
Total Education		48,856,359		48,856,359	48,919,458	48,927,438	71,079
PARKS AND RECREATION_							
Parks	1,591,608	383,477	13,450	1,988,535	2,044,787	2,031,266	42,731
Recreation	317,760	1,230	-	318,990	376,299	376,299	57,309
Administration	547,588	43,485		591,073	612,890	622,063	30,990
Total Parks, Recreation, and Culture	2,456,956	428,192	13,450	2,898,598	3,033,976	3,029,628	131,030
LIBRARY							
Queen Anne's County Free Library	<u> </u>	1,390,398		1,390,398	1,311,432	1,392,499	2,10
CONSERVATION OF NATURAL RESOURCES							
Cooperative Extension Services	45,693	184,229	-	229,922	288,515	233,327	3,40
Soil Conservation Services	120,415	6,000	-	126,415	135,228	135,228	8,81
Veed Control	78,293	26,503	-	104,796	118,692	118,692	13,89
I-H Park		79,408		79,408	71,178	81,178	1,77
Total Conservation of Natural Resources	244,401	296,140		540,541	613,613	568,425	27,884
ECONOMIC AND COMMUNITY DEVELOPMENT							
Public Housing Authority	-	271,909	-	271,909	287,909	271,909	
Business & Tourism	592,657	283,746		876,403	1,008,026	1,060,365	183,96
Total Economic and Community Development	592,657	555,655		1,148,312	1,295,935	1,332,274	183,96
DEBT SERVICE		5 005 047				4 000 700	(71.01
Debt Service - Principal Debt Service - Interest and Fiscal Charges		5,065,347 2,778,490		5,065,347 2,778,490	4,895,252 2,840,596	4,993,706 2,751,585	(71,64
Total Debt Service		7,843,837	_	7,843,837	7,735,848	7,745,291	(98,54
MISCELLANEOUS_							
Aid to Municipalities		202,909		202,909	199,186	204,186	1,27
Aid to Other Agencies		58,809		58,809	75,249	75,249	16,44
Other Allocations	_	1,500	_	1,500	1,500	10,747	9,24
nsurance & Benefits / (Reimbursements)	(252,014)	641,696	-	389,682	551,000	650,000	260,31
Contingencies		49,658		49,658	83,068	70,520	20,86
Total Miscellaneous	(252,014)	954,572		702,558	910,003	1,010,702	308,14
REVERSIONS_ Salary Reversions	_				(346,123)	(338,123)	(338,12
•					(340,123)	(330,123)	(330,12
OTHER FINANCING USES Transfers Out To:							
Law Library	-	8,520	-	8,520	-	8,520	
Department of Aging	-	1,622,471	-	1,622,471	1,959,249	1,959,249	336,77
Department of Housing and Community Services	-	416,742	-	416,742	473,089	497,389	80,64
Agricultural Transfer Tax Fund	-	32,000	-	32,000	32,000	32,000	(0.4
Roads Board Operating	-	30,616	-	30,616	30,000	30,000	(61
Sanitary District - Sewer/Admin Sanitary District - Water	•	4,592	-	4,592 157,307	4,050 157,307	4,050 157,307	(54
Impact Fees - Fire Companies/Contingencies	-	157,307 37,069	-	37,069	137,307	137,307	(37,06
General Capital Projects Fund		21,483	-	21,483	-	21,483	(2.,00
Parks & Recreation Enterprise - Airport	-	34,308	-	34,308	52,237	62,237	27,92
Parks & Recreation Enterprise - Golf Course	-	154	-	154	-	154	
Parks & Recreation Enterprise - Programs	-	43,000	-	43,000	43,000	43,000	
Parks & Recreation Enterprise - Property Mgmt	-	56,930	-	56,930	25,000	56,930	
Parks & Recreation Enterprise - Marinas	-	3,036	-	3,036	55,407	55,407	52,37
Community Partnerships (Admin) Community Partnerships (Education program)	-	5,384 100,000		5,384 100,000	68,486 100,000	68,486 100,000	63,10
Total Transfers Out		2,573,612		2,573,612	2,999,825	3,096,212	522,60
Total Halloldis Out		2,010,012		2,010,012	2,333,025	5,080,212	522,00
Total Expenditures and Other Financing Uses	\$ 26,384,662	\$ 74,647,631	\$ 750,431	\$ 101,782,724	\$ 104,050,037	\$ 105,651,001	\$ 3,868,27

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL ROADS BOARD SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2009

	_	ORIGINAL BUDGET		FINAL BUDGET		ACTUAL	ı	/ARIANCE POSITIVE NEGATIVE)
REVENUES State Shared Taxes	\$	5,580,859	\$	5,580,859	\$	7,542,182	\$	1,961,323
Intergovernmental	Ψ	15.000	Ψ	15.000	Ψ	95,935	Ψ	80,935
Charges for Current Services		343,517		343,517		223,580		(119,937)
Investment Income		6,000		6,000		33,599		27,599
Miscellaneous		20,000		20,000		253,247		233,247
Total Revenues	_	5,965,376		5,965,376		8,148,543		2,183,167
EXPENDITURES Current								
Public Works		6,014,660		6,014,660		5,318,398		696,262
Capital Outlay		795,000		823,610		283,142		540,468
Total Expenditures		6,809,660		6,838,270		5,601,540		1,236,730
Excess of Revenues Over (Under) Expenditures		(844,284)		(872,894)		2,547,003		3,419,897
OTHER FINANCING SOURCES (USES)								
Insurance Proceeds		-		9,897		9,897		-
Proceeds of Sale of Capital Assets		-		-		3,201		3,201
Transfers In	_	85,039		85,039		30,616		(54,423)
Total Other Financing Sources (Uses)		85,039		94,936		43,714		(51,222)
Net Increase (Decrease) in Fund Balances	\$	(759,245)	\$	(777,958)		2,590,717	\$	3,368,675
Fund Balances, July 1						722,735		
Fund Balances, June 30					\$	3,313,452		

Combining and Individual Fund Statements and Schedules
The Combining and Individual Fund Statements and Schedules provide detailed information concerning the financial position, results of operations, and budgetary comparisons for the non-major funds, capital projects, and fiduciary funds.



	Non-Major Governmental Funds
Non-Major Governm sources (other than expenditures for spe	nental Funds are used to account for the proceeds of specific revenue capital projects and debt service funds) that are legally restricted to ecific purposes.
sources (other than	capital projects and debt service funds) that are legally restricted to
sources (other than	capital projects and debt service funds) that are legally restricted to
sources (other than	capital projects and debt service funds) that are legally restricted to
sources (other than	capital projects and debt service funds) that are legally restricted to
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sources (other than	capital projects and debt service funds) that are legally restricted to
sources (other than	capital projects and debt service funds) that are legally restricted to
sources (other than	capital projects and debt service funds) that are legally restricted to

NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds are special revenue funds, unless otherwise noted:

Department of Aging – This fund accounts for activities funded primarily by grants to provide services for the elderly and is included in the social services function.

Housing and Community Services – This fund accounts for activities funded mostly by grants and revolving loan funds that support housing rehabilitation and home-ownership and is included in the economic and community development function.

Community Partnerships for Children – This fund accounts for activities funded by grants allocated to the County that provide services for children and families and is included in the social services function.

Dredging Special Assessments – This fund accounts for activities funded by special assessment funds collected to repay loans for specific dredging projects that benefited Price's Creek and Grove Creek and is included in the conservation of natural resources function.

Kent Narrows – This fund accounts for activities funded by tax revenues to repay parking improvement bonds and is included in the economic and community development function.

Critical Areas – This fund accounts for activities funded by payments in lieu of performance bonds that support efforts to mitigate and preserve critical areas along the shoreline of tidal waters within the County and is included in the conservation of natural resources function.

Law Library – This fund accounts for activities funded by court fees, fines, and contributions from local attorneys to update legal reference materials housed in the courthouse and is included in the general government function.

Sheriff's Drug Task Force – This fund accounts for activities funded by drug-related forfeitures that support drug interdiction efforts by a multi-faceted task force and is included in the public safety function.

Inmate Welfare Fund – This fund accounts for activities funded by profits earned from Detention Center inmate-related services that promote the welfare of the inmates and is included in the public safety function.

Agricultural Transfer Tax – This fund accounts for activities funded primarily by the Agricultural Transfer Tax to purchase agricultural easements that preclude development and is included in the conservation of natural resources function.

Rural Legacy – This fund accounts for activities funded primarily by Maryland's Rural Legacy Program to purchase easements that preclude development and is included in the conservation of natural resources function.

Revolving Loan Fund – This fund accounts for activities funded by community donations and grants to promote and provide economic development loans to local businesses and is included in the economic and community development function.

Capital Projects Fund – Fire Company Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance local volunteer fire company preparedness resulting from new construction and is included in the public safety function.

Capital Projects Fund – Parks and Recreation Impact Fees – This fund accounts for activities funded by impact fees specifically earmarked to enhance parks and recreation and is included in the parks and recreation function.

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

		PARTMENT F AGING	HOUSING AND COMMUNITY SERVICES		COMMUNITY PARTNERSHIPS FOR CHILDREN		DREDGING SPECIAL ASSESSMENTS	
ASSETS Cash and Cash Equivalents	\$	161,757	\$	258,590	\$	970,868	\$	15,669
Receivables	•	,	Ψ	200,000	Ψ	0.0,000	Ψ	.0,000
Accounts Receivable (Net)		_		923		2,140		17
Loans Receivable		-		3,261,213		-		-
Special Assessments (Net)		-		-		-		771,886
Due from Other Governments		229,401		15,273		292,924		
Total Assets	\$	391,158	\$	3,535,999	\$	1,265,932	\$	787,572
LIABILITIES AND FUND BALANCES								
Liabilities								
Accrued Liabilities	\$	96,313	\$	10,613	\$	282,046	\$	87
Due to Other Funds		165,291		24,445		39,344		-
Due to Other Governmental Agencies		15,442		-		596,219		-
Deferred Revenue		991		2,624		258,287		771,886
Total Liabilities		278,037		37,682		1,175,896		771,973
Fund Balances								
Reserved								
Loans Receivable		-		3,261,213		-		-
Donor-Specified Purposes		-		-		1,050		-
Other Reserved Purposes - Other		-		-				
Total Reserved		-		3,261,213		1,050		-
Unreserved								
Capital Projects Funds		-		-		-		-
Special Revenue Funds		113,121		237,104		88,986		15,599
Total Unreserved		113,121	-	237,104		88,986		15,599
Total Fund Balances		113,121		3,498,317		90,036		15,599
Total Liabilities and Fund Balances	\$	391,158	\$	3,535,999	\$	1,265,932	\$	787,572

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

(CONTINUED)

NA			CRITICAL LAW AREAS LIBRARY				HERIFF'S DRUG TASK FORCE	NMATE /ELFARE FUND
\$	144,303	\$	125,143	\$	30,101	\$	220,839	\$ 245,988
	12,992		-		-		-	6,525
	-		-		-		-	-
	-		-		-		-	-
					11,658			
\$	157,295	\$	125,143	\$	41,759	\$	220,839	\$ 252,513
\$	395	\$	-	\$	5,666	\$	54,377	\$ 4,528
	-		-		-		-	7,986
	-				-			 -
	395				5,666		54,377	 12,514
	_		_		_		_	_
	-		-		-		_	_
	_		125,143					 _
			125,143					
	_		-		-		-	-
	156,900				36,093		166,462	 239,999
	156,900		-		36,093		166,462	239,999
	156,900		125,143		36,093		166,462	 239,999
\$	157,295	\$	125,143	\$	41,759	\$	220,839	\$ 252,513

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

(CONTINUED)

		RICULTURAL 'RANSFER		RURAL LEGACY		EVOLVING DAN FUND	PR FIRE	CAPITAL OJECTS - COMPANY ACT FEES	PR PA REG	CAPITAL OJECTS - RKS AND CREATION ACT FEES		TOTAL ON-MAJOR /ERNMENTAL
ASSETS	\$	1,072,854	\$	1,003,785	\$	404 554	•	0.45.450	•	045.004	\$	F 704 CC0
Cash and Cash Equivalents Receivables	Ф	1,072,854	Ф	1,003,785	Ф	481,554	\$	845,153	\$	215,064	ф	5,791,668
Accounts Receivable (Net)		_				758		_		_		23,355
Loans Receivable		_		_		102,719		18,036		17,074		3,399,042
Special Assessments (Net)		_		_		102,710		-		-		771,886
Due from Other Governments		91,800		_		_		_		_		641,056
Duo nom outer covernments		01,000										041,000
Total Assets	\$	1,164,654	\$	1,003,785	\$	585,031	\$	863,189	\$	232,138	\$	10,627,007
LIABILITIES AND FUND BALANCES												
Liabilities												
Accrued Liabilities	\$	-	\$	-	\$	-	\$	-	\$	-	\$	454,025
Due to Other Funds		-		-		-		72,481		-		301,561
Due to Other Governmental Agencies		1,300		-		-		-		-		620,947
Deferred Revenue		<u> </u>				-		18,036		17,074		1,068,898
Total Liabilities		1,300						90,517		17,074	_	2,445,431
Fund Balances												
Reserved												
Loans Receivable		-		-		102,719		18,036		17,074		3,399,042
Donor-Specified Purposes		-		-		-		-		-		1,050
Other Reserved Purposes - Other		952,595						-				1,077,738
Total Reserved		952,595				102,719		18,036		17,074		4,477,830
Unreserved												
Capital Projects Funds		-		-		-		754,636		197,990		952,626
Special Revenue Funds		210,759		1,003,785		482,312				-		2,751,120
Total Unreserved		210,759		1,003,785		482,312		754,636		197,990		3,703,746
Total Fund Balances		1,163,354		1,003,785		585,031		772,672		215,064		8,181,576
Total Liabilities and Fund Balances	\$	1,164,654	\$	1,003,785	\$	585,031	\$	863,189	\$	232,138	\$	10,627,007



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

REVENUES	DEPARTMENT OF AGING	HOUSING AND COMMUNITY SERVICES	COMMUNITY PARTNERSHIPS FOR CHILDREN	DREDGING SPECIAL ASSESSMENTS
Taxes				
Local Property Tax	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-
Recordation Taxes	-	82,877	-	-
State Shared Taxes	-	-	-	-
Intergovernmental	1,061,660	370,875	1,697,638	-
Charges for Current Services	68,386	-	-	23,753
Fines and Forfeitures	-	-	-	-
Investment Income	861	5,168	8,736	147
Donations	57,964	-	-	-
Miscellaneous	425	50	25,188	-
Total Revenues	1,189,296	458,970	1,731,562	23,900
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Social Services	2,790,094	-	1,943,520	-
Conservation of Natural Resources	-	-	-	-
Economic/Community Development	-	487,618	-	-
Capital Outlay	30,000	-	-	-
Debt Service				
Principal				24,000
Total Expenditures	2,820,094	487,618	1,943,520	24,000
Excess of Revenues Over (Under) Expenditures	(1,630,798)	(28,648)	(211,958)	(100)
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Disposals	-	-	-	-
Insurance Proceeds	11,415	-	-	-
Transfers In	1,622,471	416,742	105,384	-
Transfers Out			(23,660)	
Other Financing Sources (Uses)	1,633,886	416,742	81,724	
Net Increase (Decrease) in Fund Balances	3,088	388,094	(130,234)	(100)
Fund Balances, July 1	110,033	3,110,223	220,270	15,699
Fund Balances, June 30	\$ 113,121	\$ 3,498,317	\$ 90,036	\$ 15,599

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

KENT NARROWS	CRITICAL AREAS	LAW LIBRARY	SHERIFF'S DRUG TASK FORCE	INMATE WELFARE FUND
\$ 36,355	\$ -	\$ -	\$ -	\$ -
58,897	-	-	-	-
-	-	-	-	-
-	-	16,905	-	-
-	27,424	11,213 15,509	- 69,275	63,398
-	-	745	3,384	2,795
-	-	-	-	-
	-	22,591	-	35,990
95,252	27,424	66,963	72,659	102,183
-	-	83,136	-	-
-	-	-	75,926	73,952
-	-	-	-	-
4,802	-	-	-	-
-	-	-	119,118	-
4,802		83,136	195,044	73,952
90,450	27,424	(16,173)	(122,385)	28,231
-	-	-	51,334	-
-	-	8,520	-	-
(45,415)				
(45,415)		8,520	51,334	
45,035	27,424	(7,653)	(71,051)	28,231
111,865	97,719	43,746	237,513	211,768
\$ 156,900	\$ 125,143	\$ 36,093	\$ 166,462	\$ 239,999

QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(CONTINUED)

REVENUES	AGRICULTURAL TRANSFER	RURAL LEGACY	REVOLVING LOAN FUND	CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES	CAPITAL PROJECTS - PARKS AND RECREATION IMPACT FEES	TOTAL NON-MAJOR GOVERNMENTAL
Taxes						
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,355
Other Local Taxes - Admission and Amusement Taxes		-	-	-	-	58,897
Recordation Taxes	552,510	-	-	-	-	635,387
State Shared Taxes	49,647	-	_	-	-	49,647
Intergovernmental	-	691,085	235,000	-	-	4,073,163
Charges for Current Services	-	-	-	153,792	97,103	445,069
Fines and Forfeitures	_	-	-	-	-	84,784
Investment Income	26,058	3,479	5,802	10,520	1,974	69,669
Donations	· -	-	-	-	-	57,964
Miscellaneous			200			84,444
Total Revenues	628,215	694,564	241,002	164,312	99,077	5,595,379
<u>EXPENDITURES</u>						
Current						
General Government	-	-	-	-	-	83,136
Public Safety	-	-	-	225,000	-	374,878
Social Services	-	-	-	-	-	4,733,614
Conservation of Natural Resources	1,214,032	690,779	-	-	-	1,904,811
Economic/Community Development	-	-	-	-	-	492,420
Capital Outlay	-	-	-	-	-	149,118
Debt Service						
Principal					-	24,000
Total Expenditures	1,214,032	690,779		225,000		7,761,977
Excess of Revenues Over (Under) Expenditures	(585,817)	3,785	241,002	(60,688)	99,077	(2,166,598)
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Disposals	-	-	-	-	-	51,334
Insurance Proceeds	-	-	-	-	-	11,415
Transfers In	167,000	1,000,000	-	37,069	-	3,357,186
Transfers Out	(1,000,000)					(1,069,075)
Other Financing Sources (Uses)	(833,000)	1,000,000		37,069		2,350,860
Net Increase (Decrease) in Fund Balances	(1,418,817)	1,003,785	241,002	(23,619)	99,077	184,262
Fund Balances, July 1	2,582,171		344,029	796,291	115,987	7,997,314
Fund Balances, June 30	\$ 1,163,354	\$ 1,003,785	\$ 585,031	\$ 772,672	\$ 215,064	\$ 8,181,576



QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

		DEPARTMEN	IT OF AGING		Н	OUSING AND COM	MUNITY SERVIC	ES
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-		-
Recordation Taxes	-	-	-	-	-	-	82,877	82,877
State Shared Taxes	- 004 000	4.057.050	4 004 000		405.000	470.075	- 070 075	(405 400)
Intergovernmental	961,008	1,057,852	1,061,660	3,808	165,286	476,275	370,875	(105,400)
Charges for Current Services Fines and Forfeitures	40,900	40,900	68,386	27,486	200	200	-	(200)
Investment Income	-		861	861	200	200	5,168	5,168
Donations	64,470	84,470	57,964	(26,506)	-	-	5,100	5,166
Miscellaneous	8,000	18,776	425	(18,351)			50	50
Miscellarieous	0,000	10,770	423	(10,331)				
Total Revenues	1,074,378	1,201,998	1,189,296	(12,702)	165,486	476,475	458,970	(17,505)
EXPENDITURES								
Current Operating Expenditures	2.972.277	3,099,897	2,790,094	309.803	1,038,575	1,253,657	487,618	766,039
Capital Outlay	71,350	71,350	30,000	41,350	1,030,373	1,233,037	407,010	700,039
Debt Service	71,000	7 1,000	00,000	41,000				
Principal	_	_	_	_	_	_	_	_
Tillopai								
Total Expenditures	3,043,627	3,171,247	2,820,094	351,153	1,038,575	1,253,657	487,618	766,039
Excess of Revenues Over (Under) Expenditures	(1,969,249)	(1,969,249)	(1,630,798)	338,451	(873,089)	(777,182)	(28,648)	748,534
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	10,000	10,000	_	(10,000)		_	_	_
Insurance Proceeds	10,000	10,000	11,415	11,415				
Transfers In	1,959,249	1,959,249	1,622,471	(336,778)	623,089	497,389	416,742	(80,647)
Transfers Out	1,000,240	1,000,240	1,022,471	(330,770)	023,003	437,303	410,742	(00,047)
Transicio dat								
Total Other Financing Sources (Uses)	1,969,249	1,969,249	1,633,886	(335,363)	623,089	497,389	416,742	(80,647)
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	3,088	\$ 3,088	\$ (250,000)	\$ (279,793)	388,094	\$ 667,887
Fund Balances, July 1			110,033				3,110,223	
Fund Balances, June 30			\$ 113,121				\$ 3,498,317	

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

COMM	IUNITY PARTNEI	RSHIPS FOR CHI		DRE	DGING SPEC	IAL ASSESSME			KENT I	NARROWS	
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,000 60,000	\$ 22,000 60,000	\$ 36,355 58,897	\$ 14,355 (1,103)
	-	-		-	-		-	-	-		-
1,992,410	1,874,469	1,697,638	(176,831)	-	-	-	-	-	-	-	-
-	-	-	-	24,200	24,200	23,753	(447)	-	-	-	-
-	-	8,736	8,736			- 147	- 147	- 75	- 75	-	(75)
-	-	-	-	-	-	-	-	-	-	-	-
17,941	17,941	25,188	7,247								
2,010,351	1,892,410	1,731,562	(160,848)	24,200	24,200	23,900	(300)	82,075	82,075	95,252	13,177
2,148,811 2,000	2,161,104 2,000	1,943,520	217,584 2,000	-	-	•	-	8,500	8,500	4,802	3,698
-				24,000	24,000	24,000					
2,150,811	2,163,104	1,943,520	219,584	24,000	24,000	24,000		8,500	8,500	4,802	3,698
(140,460)	(270,694)	(211,958)	58,736	200	200	(100)	(300)	73,575	73,575	90,450	16,875
-	-	-	-	-	-	-	-	-	-	-	-
-	-	405.004	- (00.400)	-	-	-	-	-	-	-	-
168,486 (28,026)	168,486 (28,026)	105,384 (23,660)	(63,102) 4,366					(45,427)	(45,427)	(45,415)	12
140,460	140,460	81,724	(58,736)					(45,427)	(45,427)	(45,415)	12
\$ -	\$ (130,234)	(130,234)	\$ -	\$ 200	\$ 200	(100)	\$ (300)	\$ 28,148	\$ 28,148	45,035	\$ 16,887
		220,270				15,699				111,865	
		\$ 90,036				\$ 15,599				\$ 156,900	

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

		LAW LIB	RARY			INMATE WE	LFARE FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>								
Taxes			_	_	_	_	_	_
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-			-	-	-	-	-
Intergovernmental	-	16,905	16,905	-	-	-	-	-
Charges for Current Services	3,000	11,213	11,213	-	75,000	75,000	63,398	(11,602)
Fines and Forfeitures	-	15,509	15,509	-	-	-	-	-
Investment Income	-	745	745	-	5,000	5,000	2,795	(2,205)
Donations	-	-	-	-	-	-	-	-
Miscellaneous		22,591	22,591		40,000	40,000	35,990	(4,010)
Total Revenues	3,000	66,963	66,963		120,000	120,000	102,183	(17,817)
EXPENDITURES								
Current Operating Expenditures	3,000	83,136	83,136	-	115,250	115,250	73,952	41,298
Capital Outlay	-	-	-	-	20,000	20,000	-	20,000
Debt Service								
Principal								
Total Expenditures	3,000	83,136	83,136		135,250	135,250	73,952	61,298
Excess of Revenues Over (Under) Expenditures		(16,173)	(16,173)		(15,250)	(15,250)	28,231	43,481
OTHER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-		-	-	-	-	-	
Insurance Proceeds	_		-	_	_	-		
Transfers In	6,120	8,520	8,520	_	_	_	_	_
Transfers Out			-					
Total Other Financing Sources (Uses)	6,120	8,520	8,520					
Net Increase (Decrease) in Fund Balances	\$ 6,120	\$ (7,653)	(7,653)	\$ -	\$ (15,250)	\$ (15,250)	28,231	\$ 43,481
Fund Balances, July 1			43,746				211,768	
Fund Balances, June 30			\$ 36,093				\$ 239,999	

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	(CC	NTIN	JUF	D)	

	AGRICULTURA	L TRANSFER			RURAL LI	EGACY	
RIGINAL	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	552,510	552,510		-	-		
155,000	155,000	49,647	(105,353)	-	-	-	-
-	-	-	-	-	-	691,085	691,085
-	-	-	-	-	-	-	-
5,000	5,000	26,058	21,058	-	-	3,479	3,479
-	-	-	-	-	-	-	-
 -							
 160,000	712,510	628,215	(84,295)			694,564	694,564
660,000	1,134,894	1,214,032	(79,138) -		1,000,000	690,779 -	309,221
 -							
 660,000	1,134,894	1,214,032	(79,138)		1,000,000	690,779	309,221
 (500,000)	(422,384)	(585,817)	(163,433)		(1,000,000)	3,785	1,003,785
-	-	-	-	-	-	-	-
32,000	32,000 (1,000,000)	167,000 (1,000,000)	135,000		1,000,000	1,000,000	
32,000	(968,000)	(833,000)	135,000		1,000,000	1,000,000	
\$ (468,000)	\$ (1,390,384)	(1,418,817)	\$ (28,433)	\$ -	\$ -	1,003,785	\$ 1,003,785
		2,582,171					
		\$ 1,163,354				\$ 1,003,785	

QUEEN ANNE'S COUNTY, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

	CAPITAL	PROJECTS - FIRE	COMPANY IMPACT FEES		CAPITAL PROJECTS - PARK		& RECREATION	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES								
Taxes								
Local Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes - Admission and Amusement Taxes	-	-	-	-	-	-	-	-
Recordation Taxes	-	-	-	-	-	-	-	-
State Shared Taxes	-	-	-	-	-	-	-	-
ntergovernmental	-	-	-	-	-	-	-	-
Charges for Current Services	450,000	450,000	153,792	(296,208)	85,000	85,000	97,103	12,103
Fines and Forfeitures	-	-	-	-	-	-	-	-
nvestment Income	5,900	5,900	10,520	4,620	6,000	6,000	1,974	(4,026)
Donations	-	-	-	-	-	-	-	-
Miscellaneous								
Total Revenues	455,900	455,900	164,312	(291,588)	91,000	91,000	99,077	8,077
(PENDITURES								
Current Operating Expenditures	600,000	758,333	225,000	533,333	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal								
Total Expenditures	600,000	758,333	225,000	533,333				
Excess of Revenues Over (Under) Expenditures	(144,100)	(302,433)	(60,688)	241,745	91,000	91,000	99,077	8,077
THER FINANCING SOURCES (USES)								
Proceeds of Capital Asset Disposals	-	-	-	-	-	-	-	-
nsurance Proceeds	-	-	-	-	-	-	-	-
ransfers In	-	-	37,069	37,069	-	-	-	-
ransfers Out					(91,000)	(91,000)		91,000
otal Other Financing Sources (Uses)			37,069	37,069	(91,000)	(91,000)		91,000
et Increase (Decrease) in Fund Balances	\$ (144,100)	\$ (302,433)	(23,619)	\$ 278,814	\$ -	\$ -	99,077	\$ 99,077
nd Balances, July 1			796,291				115,987	
und Balances, June 30			\$ 772,672				\$ 215,064	

CAPITAL PROJECTS FUNDS
Capital Projects Funds are used for the acquisition or construction of major capital facilities, as well as other large multi-year projects that relate to capital assets, that are financed from general governmental resources.
General Capital Projects – This fund accounts for capital project activities funded by all governmental resources, except those reserved for use in the Roads Capital Projects Fund, noted below.
Roads Capital Projects - This fund accounts for capital project activities funded by governmental resources specifically reserved for use in the Roads Capital Projects Fund. These resources consist of State-Shared Highway User Tax, which is mandated for this use, plus federal, state, and local roads-related grants and transfers.

QUEEN ANNE'S COUNTY MARYLAND CAPITAL PROJECTS FUNDS SCHEDULE OF APPROPRIATIONS AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2009

			EXPENDITURES				INCLUDED IN	CAPITALIZED
		TOTAL	PRIOR	CURRENT		UNEXPENDED	CONSTRUCTION	CURRENT
PROJ#	GENERAL CAPITAL PROJECTS:	APPROPRIATION	YEARS	YEAR	TOTAL	APPROPRIATIONS	IN PROGRESS	YEAR
	GENERAL GOVERNMENT							
400003	County Facilities Program	\$ 754,548	\$ 503,418	\$ 125,422	\$ 628,840	\$ 125,708	\$ 628,840	\$ 125,422
400007	GASB-34 Implementation	43,000	13,990	-	13,990	29,010	-	-
400009	Finance System (See Transfers)	753,476	673,711	29,135	702,846	50,630	702,846	29,135
400011	Courthouse Renovation	700,500	596,717	-	596,717	103,783	596,717	-
400015	County Wide Mapping	735,000	406,497	205,218	611,715	123,285	-	-
400019	CLS - Land Acquisition Fund	1,330,150	1,323,751	6,400	1,330,151	(1)	-	-
400027	Strategic Planning	646,602	342,379	44,455	386,834	259,768	-	-
400029	Comp & Community Plans	685,000	270,228	147,658	417,886	267,114	-	-
400031	Mgt Info Systems Network	676,000	589,848	34,980	624,828	51,172	-	2,029
400041	IT Infrastructure/Phones	325,000	232,496	10,900	243,396	81,604	243,396	10,900
400047	CLS - Tax Ditch-Longmarsh Oxdale	61,547	61,546	-	61,546	1	-	-
400051	Historic Sites Survey	117,000	94,068	8,558	102,626	14,374	-	-
400053	CLS - Alternative Septic Study	16,716	16,716	-	16,716	-	-	-
400223	Circuit Courthouse Planning	1,300,000	47,615	(4,749)	42,866	1,257,134	-	-
400233	Rec Mgmt Sys - Non Fin	165,000	109,607	9,552	119,159	45,841	-	2,499
400269	Tax Ditches - Beaverdam	44,500	34,496	9,000	43,496	1,004	-	-
400271	Tax Ditches - Longmarsh	64,000	36,540	16,600	53,140	10,860	-	-
400327	FY 07 General Fund Transfer In	5,150,000	-	-	-	5,150,000	-	-
400353	CLS - Grasonville Community Center	175,000	75,000	100,000	175,000	-	-	=
400355	Dry Hydrant Program	25,000	-	-	-	25,000	-	=
400359	Public Drainage	175,000	-	-	-	175,000	-	-
400361	East Shore Museum of Life	4,000	2,000	2,000	4,000	-	-	-
400363	Church Hill Pond Stabilization	200,000	337	14,795	15,132	184,868	-	-
400365	Grasonville Pole Relocation	200,000	-	-	-	200,000	-	-
400367	CLS - Chesterwye Expansion	225,000	100,000	125,000	225,000	-	-	-
400369	CLS - Kent Island Senior Center Site Council	15,000	-	· -		15,000	-	-
400373	Beautification Committee	5,000	523	-	523	4,477	-	-
400375	Grant Procurement Committee	5,000	-	-	-	5,000	-	-
400377	BNR Septic Retrofit Grant	5,000	_	_	_	5,000	_	_
400389	CLS - Public Information Equipment	79,682	66,007	13,675	79,682	-	_	13,675
400425	Friel Property Management	6,000	5,508	-	5,508	492	_	-
400427	Land - Nesbit	602,670	300,000	302,669	602,669	1		302,669
400431	CLS - Land - Courthouse	1,300,000	1,296,182	302,003	1,296,182	3,818		302,003
400431	CLS - Matapeake Feasability Study	42,800	16,700	26,100	42,800	3,010		_
400443	Kennard Alumni Association	100,000	10,700	100,000	100,000			
400449	Nesbit Road ER Infrastructure	4,066,000		184,739	184,739	3,881,261	184,739	184,739
400449	GIS & Strategic Plan Land Use	40,000	-	16,181	16,181	23,819	104,735	104,739
400457	Courthouse Basement		-			16,411	0.000	8,803
		25,214	-	8,803	8,803		8,803	8,803
400527	Sudlersville Parking - Foxxtown			29,196	29,196	(29,196)		-
	Total General Government	20,864,405	7,215,880	1,566,287	8,782,167	12,082,238	2,365,341	679,871
	PUBLIC SAFETY							
400059	CLS - Detention Center Expansion	391,000	243,770	_	243,770	147,230	_	_
400217	Transfer to VFDs	1,157,390	1,084,689	_	1,084,689	72,701	_	_
400217	CLS - Renovate Viewing Rooms & Roof	122,045	118,816	3,228	122,044	1		3,228
400281	Detention Center Furniture & Carpet	30,000	110,010	0,220	122,044	30,000		0,220
400281	Detention Center Furniture & Carpet Detention Center Building Expansion	2,693,329	44,427	2,336,803	2,381,230	312,099	2,381,230	2,336,803
	- · · · · · · · · · · · · · · · · · · ·						2,361,230	2,330,003
400313	County Wide Mapping - 911	815,530	756,154	25,109	781,263	34,267	-	-
400343	DES Records Management Software	194,000	125,158	62,353	187,511	6,489	187,511	62,353
400435	CLS - Detention Center CCTV System	39,292	39,292	-	39,292	-	-	-
400451	CLS - Ambulance	132,212	-	132,212	132,212		-	132,212
400453	CLS - Route 8 EMS Station	42,571	-	42,570	42,570	1		42,570
400455	DES Hardware Replacement	160,000		89,831	89,831	70,169	89,831	89,831
	Total Public Safety	5,777,369	2,412,306	2,692,106	5,104,412	672,957	2,658,572	2,666,997
	PUBLIC WORKS							
400077	Wetlands Mitigation	216,560	142,957	41	142,998	73,562	-	-
400079	Roof Repair / Replacement	455,000	425,511	2,275	427,786	27,214	-	-
400081	Centreville MCF	602,000	203,012	345,408	548,420	53,580	548,420	345,408
400083	Renovation/Transit Garage (See Transfers)	4,776,629	3,873,529	777,893	4,651,422	125,207	4,651,422	777,893
400087	Fuel Depot Demolition/MTBE	200,000	168,783	26,810	195,593	4,407	195,593	26,810
400091	DPW - Fee In Lieu	20,000	20,000	-	20,000	-		,5.0
400235	Solid Waste Capital Equipment	174,001	80,404	92,635	173,039	962	_	92,635
400241	Cash Deposit Agreements	35,748	1,963	33,785	35,748	-	_	-
400241	DPW Records Management System	13,284	2,391	-	2,391	10,893	_	-
400287	CLS - Corsica & Beyond - Stormwater	152,000	123,232	1,049	124,281	27,719	-	-
400335	CLS - Corsica & Beyond - Stormwater CLS - Library Rain Garden	23,019	23,020	1,049	23,020	(1)	-	-
			23,020	-	23,020		-	-
400445	ENG Transportation Plan	100,000	-	-	-	100,000	-	-
400469	Sanitary District Transfer/Allocation	233,000	-	-	-	233,000	- 000	-
400471	Bio-Swale Drainage Ditch	75,000	-	233	233	74,767	233	233
400481	Sudlersville School Water/Sewer	1,500,000		3,200	3,200	1,496,800		-
	Total Dublic Works	0.570.011	E 004 000	1 000 000	6040401	0.000.440	E 00E 000	4.040.070
	Total Public Works	8,576,241	5,064,802	1,283,329	6,348,131	2,228,110	5,395,668	1,242,979

QUEEN ANNE'S COUNTY MARYLAND CAPITAL PROJECTS FUNDS SCHEDULE OF APPROPRIATIONS AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2009

				EXPENDITURES			INCLUDED IN	CAPITALIZE
		TOTAL	PRIOR	UNEXPENDED	CONSTRUCTION	CURRENT		
PROJ#	GENERAL CAPITAL PROJECTS:	APPROPRIATION	YEARS	CURRENT YEAR	TOTAL	APPROPRIATIONS	IN PROGRESS	YEAR
1 100 #	GENERAL GAI TIALT ROSEOTO.	ATTROTRIATION	TEARO	TEAK	TOTAL	ALLIKOLKIATIONO	IIV I KOOKEGO	TEAR
	SOCIAL SERVICES							
400099	Kramer Center Improvement	\$ 121,100	\$ 44,696	\$ 13,295	\$ 57,991	\$ 63,109	\$ 57,991	\$ 13,2
100103	Kent Island Senior Center	44,000	5,950	6,018	11,968	32,032	-	
100243	Aging - Large Transit Vehicles	826,145	220,397	369,350	589,747	236,398	-	369,3
100357	CLS - Kramer Center HVAC Units	50,000	13,273	-	13,273	36,727	-	
100403	CLS - Transportation Development Plan	59,625	-	-	-	59,625	-	
100437	Dept of Aging Cap Equipment	71,000	-	59,471	59,471	11,529	-	13,
00487	MTA Capital Grant Equipment	200,250		16,258	16,258	183,992		16,
	Total Social Services	1,372,120	284,316	464,392	748,708	623,412	57,991	412,
	EDUCATION							
00003	Chesapeake College Admin Bldg	779.971	768.411	14,953	783.364	(3,393)	_	
00055	Ches College Center - Renovations	407,167	402,101	11,000	402,101	5,066		
				-		3,000	-	
00079	CLS - Ches Coll Talbot Science Center Design	584,865	584,865	-	584,865	-	-	
00147	Ches Coll Talbot Science Building Equipment	65,000	65,000	-	65,000	-	-	
00171	Ches Coll Kent Humanities Bldg	685,295	-	45,110	45,110	640,185	-	
00219	Ches Coll Learning Resource Center			54,863	54,863	(54,863)		
	Subtotal Chesapeake College	2,522,298	1,820,377	114,926	1,935,303	586,995		
	EDUCATION - CONTINUED ALLOCATIONS TO COMPONENT UNIT - BOARD OF EDUCATION							
0007	Centreville Elementary Renovation	5,448,028	5,448,028	-	5,448,028	-	-	
00019	CLS - Queen Anne's County High	13,196,000	13,082,808	_	13,082,808	113,192	-	
00059	FY05 Roof Repair	10,000	9,792		9,792	208		
00061	Matapeake Middle	17,309,456	16,828,761	(0.040)	16,820,742	488,714	-	
	•			(8,019)		488,714	-	
00063	CLS - Church Hill Elem Land Acquisition	823,130	823,130	-	823,130	-	-	
00067	CLS - Security Cameras Various Schools	97,048	76,349	20,695	97,044	4	-	
00077	CLS - BOE Data Warehousing	180,000	164,421	-	164,421	15,579	-	
00081	Water Treatment -Church Hill/Sudlersville	89,500	9,950	40,000	49,950	39,550	-	
00089	Kent Island Elementary Renovation	12,498,780	9,275,733	865,645	10,141,378	2,357,402	-	
00095	CLS - BOE Relocatables	869,402	611,509	240,805	852,314	17,088	_	
00105	BOE Computer Equipment	357,135	341,921	7,943	349,864	7,271	-	
00107	Schools - Carpet & Tile	270,000	203,973	36,540	240,513	29,487	_	
00111	BOE Office Building Upgrade	150,595	7,100	30,340	7,100	143,495		
							-	
00113	Schools - Painting	280,000	166,386	16,020	182,406	97,594	-	
00115	Playfields - Church Hill & Kent Island Elementary	60,000	22,165	2,379	24,544	35,456	-	
0117	Playground Repairs - Kent Island Elem School	115,000	11,511	27,723	39,234	75,766	-	
0125	KIHS Practice Fields	130,000	57,608	72,365	129,973	27	-	
00131	BOE Microtherm Monitors	80,000	73,174	6,410	79,584	416	-	
0137	Stevensville Middle PA System	20,000	-	-	-	20,000	=	
00141	Acoustical Tiles	20,000	13,320	1,480	14.800	5,200	_	
0149	Bayside Elementary Roof	504,000	26,600	305,796	332,396	171,604	-	
0149			20,000	305,796	332,396	382,375	-	
	Bayside Elementary HVAC	420,000	-		- /		-	
0153	Grasonville Elem Parking Lot	30,000	-	7,335	7,335	22,665	-	
00155	Payroll Software Upgrade	65,000	-	65,000	65,000	-	-	
0157	QACHS Field Upgrades	519,132	-	208,160	208,160	310,972	-	
0159	QACHS Stadium Press	50,000	-	6,385	6,385	43,615	-	
0161	Financial Software	60,000	-	-	-	60,000	-	
0163	Central Call System	16,000	-	6,500	6,500	9,500	-	
0165	Generator - BOE Bldg	50,000	-	-	-	50,000	=	
0167	Electronic Visitor Register	20,000	_	_	_	20,000	_	
0169	New Sudlersville Middle School	2,415,600	_	2,205,061	2,205,061	210,539	_	
0173			-				-	
	Church Hill Elementary Playground	700,173	-	174,936	174,936	525,237	-	
	Bayside Elementary Fire Alarm	15,500	-	15,100	15,100	400	-	
00175	BOE Security Entrance & Cameras	160,000	-	15,149	15,149	144,851	=	
00175 00177					405			
00173 00175 00177 00179	Centreville Middle Boiler	195		195	195			
00175 00177		195 57,029,674	47,254,239	4,377,228	51,631,467	5,398,207		

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND CAPITAL PROJECTS FUNDS SCHEDULE OF APPROPRIATIONS AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2009

			(CONTINUED)						
				EXPENDITURES			INCLUDED IN	CAPITALIZED	
PROJ#	GENERAL CAPITAL PROJECTS:	TOTAL APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED APPROPRIATIONS	CONSTRUCTION IN PROGRESS	CURRENT YEAR	
<u>FR03 #</u>	GENERAL CAPITAL PROJECTS.	AFFROFRIATION	TEARS	TEAR	TOTAL	AFFROFRIATIONS	INFROGRESS	TLAK	
	PARKS AND RECREATION								
400111	Land - Undesignated	\$ 195,505	\$ 82,517	\$ 43,669	\$ 126,186	\$ 69,319	\$ -	\$ -	
400117	CLS - Church Hill Park II	412,678	412,678	9,000	421,678	(9,000)	-	9,00	
400121	CLS - Grasonville Park	87,576	87,575	-	87,575	1	-	-	
400123	Matapeake Park Clubhouse (See Transfers)	853,430	548,945	254,162	803,107	50,323	792,922	254,16	
400141	Ewing Pond Park	155,000	23,478	39,047	62,525	92,475	62,525	39,04	
400147	CLS - Round Top Park Trail	4,050	4,050	-	4,050	-	-	-	
400153	Spaniard Point Easements	1,870,000	13,390	-	13,390	1,856,610	13,390	-	
400155	Park Survey	46,949	26,756	14,836	41,592	5,357	-	-	
400173	Conquest Development	500,000	101,896	-	101,896	398,104	101,896	-	
400179	CLS - Pinkney Park Restrooms	48,613	48,553	60	48,613	-	-		
400183	CLS - Matapeake School Pk Irrigation	111,485	111,485	-	111,485	-	-	-	
400187	CLS - Sudlersville Park	246,917	214,018	24,674	238,692	8,225	-	24,6	
400215	Preventive Park Maintenance	509,130	337,761	156,688	494,449	14,681	-	22,00	
400221	CLS - Capital Equipment Fund - P & R	69,904	69,904	· -	69,904	· -	_		
400249	Centreville Trail	505,600	7,250	_	7,250	498,350	7,250	-	
400257	CLS - Crumpton Playgrounds	15,790	15,790	_	15,790	-	-	_	
400259	CLS - Tiny Tots Building	50,000	35,121	14,878	49,999	1	_	14,87	
400297	CLS - Kent Island South Trail Spur - Chews Manor	58,547	58,547	17,070	58,547	· ·		1-1,01	
				-		- - 4	-	-	
400299	CLS - Church Hill Park Fitness Trail	52,261	52,260	4.040	52,260	74.000		-	
400303	Ferry Point Trail	80,000	127	4,913	5,040	74,960	5,040	4,9	
400305	White Marsh Park	1,851,142	654,105	874,195	1,528,300	322,842	1,528,300	874,1	
400333	CLS - Kent Island Elementary Playground	29,969	6,556	23,413	29,969	-	-	-	
400351	CLS - Kirwan Museum Repairs	9,158	9,158	-	9,158	-	-	-	
400387	CLS - Memorial Park (Fallen Heroes)	29,103	9	29,094	29,103	-	-	29,0	
400391	Cross County Connec Trail PS1	50,825	312	36,580	36,892	13,933	36,892	36,58	
400393	Davidson Property	25,000	-	8,086	8,086	16,914	8,086	8,0	
400395	CLS - Round Top Playground Equipment	15,095	15,095	-	15,095	-	-	-	
400397	Old Love Point Park Irrigation	125,000	-	-	-	125,000	-	-	
400399	Exploration Center Canal Bridge	60,000	7,800	245	8,045	51,955	8,045	24	
400409	CLS - KIHS Baseball Field Irrigation	30,000	30,000	-	30,000	-	-	-	
400411	CLS - KIHS Practice Field	75,000	29,938	43,613	73,551	1,449	-	-	
400415	Land - Trail Easements	25,000	1,845	_	1,845	23,155	1,845	-	
400421	CLS - Memorials in Parks	786	· -	_	· -	786	· ·	_	
400439	Wells Cove Landing	202,097	6,495	185,732	192,227	9,870	192,227	185,73	
400459	Ferry Point/CEC Canal Bridge	145,000	-	-	· · ·	145,000		-	
400467	CLS - White Marsh Park Equipment	203,323	203,322	_	203,322	1	_	_	
400473	CLS - Kirwan's Creek Land	504,660	200,022	504,654	504,654	6	_	504,65	
400477	Cross Is & Kent Is Trail Amenities	20,000		304,004	304,034	20,000		304,00	
400477	KI South Trail Maintenance Equipment	30,000	-	29,805	29,805	195	-	29,80	
	Total Parks & Recreation	9,304,593	3,216,736	2,297,344	5,514,080	3,790,513	2,758,418	2,037,12	
	rotal allo a rosioator	0,001,000	0,210,100	2,207,011	0,011,000	0,700,010	2,700,110	2,007,11	
	<u>LIBRARY</u>	440.000							
400195	Kent Island Library Expansion I	140,000	-	-	-	140,000	-	-	
400385	Kent Island Library Expansion II	297,000	26,000		26,000	271,000	26,000		
	Total Library	437,000	26,000		26,000	411,000	26,000		
	CONSERVATION								
400293	4-H Park Improvements	456,420	115,086	292,676	407,762	48,658	407,762	292,67	
	ECONOMIC/COMMUNITY DEVELOPMENT								
400201	Land Sales Proceeds (See Transfers) ALLOCATION TO COMPONENT UNIT -	30,345	30,345	-	30,345	-	-	-	
	PUBLIC HOUSING AUTHORITY								
400105	Sudlersville Senior Center	880,000	765,216	114,784	880,000	-	-	-	
400205	PHA Allocation	1,100,000	900,000	100,000	1,000,000	100,000	-	-	
400207	Housing & Community Service Transfer (See Transfers)	=	100,000	-	100,000	(100,000)	=	-	
400209	FY05 PHA Allocation	600,000	500,142	99,858	600,000	-	-	-	
400325	FY07 Bond Issuance	· · · · · · · · · · · · · · · · · · ·	· ·	33,463	33,463	(33,463)	-		
400429	Restricted Allocation-PHA Foxxtown Proj	2,382,098	2,402,343	(20,250)	2,382,093	5	-		
400463	Sudlersville Alley - Foxxtown	-,,	,	47,222	47,222	(47,222)	47,222	47,2	
400485	Restricted Allocation-Scattered Site	100,000				100,000		-	
	Subtotal Public Housing Authority	5,062,098	4,667,701	375,077	5,042,778	19,320	47,222	47,2	
	Total Feanamia/Community, Development	E 000 410	4 000 040	075 077	E 070 400	40.000	47.000	,	
	Total Economic/Community Development	5,092,443	4,698,046	375,077	5,073,123	19,320	47,222	47,2	

CONTINUED

QUEEN ANNE'S COUNTY MARYLAND CAPITAL PROJECTS FUNDS SCHEDULE OF APPROPRIATIONS AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

				(C	ONTINUED)										
							PENDITURES						CLUDED IN		PITALIZED
			TOTAL		PRIOR	(CURRENT				NEXPENDED		NSTRUCTION	(URRENT
PROJ#	GENERAL CAPITAL PROJECTS:	API	PROPRIATION		YEARS		YEAR	_	TOTAL	APP	ROPRIATIONS	IN	PROGRESS		YEAR
	DEBT SERVICE														
400315	CLS - Debt - Bond Issuance Costs	\$	16,250	\$		\$		\$		\$	16,250	\$	-	\$	_
400325	FY07 Bond Issuance		310,890		311,311		(423)		310,888		2		-		-
400483	2009 Bond Issuance / Consultants		70,000		-		4,234		4,234		65,766				-
	Total Debt Service		397,140	_	311,311	_	3,811	_	315,122	_	82,018	_	-	_	-
	TRANSFERS TO OTHER FUNDS														
400009	Finance System - to Sanitary District		-		1,719		-		1,719		(1,719)		-		-
400045	Land Preservation Transfers		705,000		270,000		135,000		405,000		300,000		-		-
400083	Renovation/Transit Garage - to Roads Cap Proj		48,300		48,300		-		48,300		-		-		-
400123	Matapeake Park Clubhouse		85,191		85,191		-		85,191		-		-		-
400127	Public Landings Allocation		200,000		200,000		-		200,000		-		-		-
400167	Enterprise Transfer/Allocation		2,918,256		360,185		2,815,747		3,175,932		(257,676)		-		-
400201	Land Sale Proceeds		115,000		115,000		-		115,000		-		-		-
400207	Housing & Comm Svc Transfer - to Housing Services		450,000		350,000		-		350,000		100,000		-		-
400213	Loan Fund Transfers		360,000		360,000		-		360,000		-		-		-
400217	Transfer to VFD's		162,410		-		162,410		162,410		-		-		-
400325	FY07 Bond Issuance		-		-		81,699		81,699		(81,699)		-		-
400447	Budgeted General Fund Transfer In		6,000,000		-		380,609		380,609		5,619,391		-		-
400469	Sanitary District Transfer/Allocation		233,000				233,000	_	233,000						-
	Total Transfers		11,277,157		1,790,395		3,808,465		5,598,860		5,678,297				
	Total General Capital Projects	\$	123,106,860	\$	74,209,494	\$	17,275,641	\$	91,485,135	\$	31,621,725	\$	13,716,974	\$	7,378,91
PROJ#	ROADS BOARD CAPITAL PROJECTS:														
	PUBLIC WORKS														
820005	Asphalt Overlays - Upgrade	\$	2,753,091	\$	986,282	\$	-	\$	986,282	\$	1,766,809	\$	-	\$	-
820091	CLS - Groff Road Bridge		653,100		631,351		2,010		633,361		19,739		-		2,01
820151	Island Creek Road Bridge		1,105,000		20,870		10,968		31,838		1,073,162		31,838		10,96
820195	CLS - Salt Storage Sheds		329,423		208,757		20,385		229,142		100,281		-		20,38
0203 & 221	Taylor Mill Road Bridge		197,500		450	_		_	450		197,050		450		-
	Total Public Works		5,038,114		1,847,710	_	33,363		1,881,073		3,157,041	_	32,288	\$	33,36
	TRANSFERS TO OTHER FUNDS														
820187	To Roads Operating		1,118,523		1,019,487		_		1,019,487		99,036		_		
820209	County Wide Mapping II		60,000		40,000		20,000		60,000		-		-		-
	Total Transfers to Other Funds		1,178,523		1,059,487		20,000		1,079,487		99,036				
			1,170,020		1,039,407		20,000	_				_			
	Total Roads Board Capital Projects	\$	6,216,637	\$	2,907,197	\$	53,363	\$	2,960,560	\$	3,256,077	\$	32,288	\$	33,36
	Total General and Roads Capital Projects	\$	129,323,497	\$	77,116,691	\$	17,329,004	\$	94,445,695	\$	34,877,802	\$	13,749,262	\$	7,412,28
	Force in Kind Capital Projects reported in non-capital projects Funds and added to CIP													\$	-
400124	Matapeake Clubhouse FIC	s	_	s	40,380	\$	35,721	\$	76,101	\$	(76,101)	\$	76,101	s	35,72
400124	Ewing Pond Park FIC	ų.	_	Ψ	16,250	Ψ		Ψ	16,250	Ψ	(16,250)	Ψ	16,250	Ψ	55,77
400142	CLS - Sudlersville Park FIC		-		10,787		-		10,787		(10,787)		10,200		-
400166	Centreville Trail - FIC		-		3,049		202		3,251		(3,251)		3,251		2
400230	Ferry Point Project FIC		_		8,760		5,003		13,763		(13,763)		5,003		5,0
400304	White March Park FIC		_		52,358		200,708		253,066		(253,066)		253.066		200.7
400306	CLS - Kirwan Creek Watershed FIC		-		-		343		343		(343)		253,000		200,7
400332	CLS - Corsica & Beyond FIC		-		76,015		20,624		96,639		(96,639)		-		-
400336	Cross County Conn II FIC		-		1,922		5,277		7,199				5,277		5,2
400392	Davidson Property FIC		-		1,922		2,652		2,652		(7,199)		2,652		2,6
400394	Exploration Center Bridge FIC		-		689		37,414		38,103		(2,652)		37,414		37,4
400400			-		009		9,163				(38,103)				
	Bio Swale Drainage Ditch - FIC		4.000		-		3,103		9,163		(9,163)		9,163		9,1
400478 400480	Cross Is & Kent Is Trail Amenities - FIC Kent Is South Trail Maintenance Equipment - FIC		4,000 6,000		-		-		-		4,000 6,000		-		-
		\$	10,000	s	210,210	\$	317,107	\$	527,317	\$	(517,317)	\$	408,177	\$	296,14
			10,000	¥	2.0,210	¥	3.7,107	Ψ	021,011	¥	(017,017)				
	Total Construction in Progress and Capitalized Curre	ent Year										\$	14,157,439	\$	7,70

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SCHOOL IMPACT FEES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2009

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Charges for Current Services	\$ 840,000	\$ 840,000	\$ 740,213	\$ (99,787)
Investment Income	25,000	25,000	33,535	8,535
Total Revenues	865,000	865,000	773,748	(91,252)
EXPENDITURES_				
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	865,000	865,000	773,748	(91,252)
OTHER FINANCING (USES)				
Transfers Out	(1,408,120)	(1,408,120)	(1,408,120)	
Total Other Financing (Uses)	(1,408,120)	(1,408,120)	(1,408,120)	
Net (Decrease) in Fund Balances	\$ (543,120)	\$ (543,120)	(634,372)	\$ (91,252)
Fund Balances, July 1			2,255,460	
Fund Balances, June 30			\$ 1,621,088	

	NON-MAJOR ENTERPRISE FUNDS
primarily or partia charges at a leve from wear and ol	prise funds account for activities which are commercial in nature and are ally intended to be self-supporting; that is, each fund sets its rates and service el sufficient to: (1) meet all of its operating expenses; (2) provide for depreciation bsolescence; and (3) to the extent that funds are not borrowed, finance the cost ohysical facilities. All non-major enterprise funds are intended to be only partially



NON-MAJOR ENTERPRISE FUNDS

Non-major enterprise funds include all of the following funds:

Public Marinas – This fund accounts for operation, maintenance, and major repairs of public marinas. For a fee, the general public has access to these marinas for temporary mooring.

Parks and Recreation:

Blue Heron Golf Course – This fund accounts for operation and maintenance of an 18-hole public golf course that is owned and operated by the County.

Recreation Programs – This fund accounts for self-supporting recreation programs wherein user charges cover the majority of operating expenditures.

Public Landings – This fund accounts for operation, maintenance, and major repairs of public landings and bulkheads. For a fee, the general public has access to these landings to launch small craft into the many waterways that surround the County.

Property Management – This fund accounts for the operation, maintenance and major repairs associated with the County's many parks and public facilities.

COMBINING STATEMENT OF NET ASSETS NON-MAJOR ENTERPRISE FUNDS JUNE 30, 2009

		GOLF	REC	CREATION		PUBLIC
<u>ASSETS</u>		OURSE	PR	OGRAMS	L	ANDINGS
Current Assets						
Equity in Pooled Cash	\$	48,040	\$	276,651	\$	332,111
Accounts Receivable (Net)		-		52,334		-
Due from Other Funds		-		40,000		-
Due from Other Governments		-		-		76,204
Inventories		8,432		-		-
Prepaid Expenses		<u>-</u>		9,950		
Total Current Assets		56,472		378,935		408,315
Capital Assets						
Land, Improved and Unimproved		1,904,522		-		559,862
Buildings and Improvements to Buildings		297,946		-		_
Improvements Other Than Buildings		122,268		-		1,894,110
Automotive Equipment		22,835		-		10,880
Equipment		583,046		-		56,814
Furniture and Fixtures		-		24,023		4,979
Construction in Progress		-		-		99,034
Capital Assets before Depreciation		2,930,617		24,023		2,625,679
Less Accumulated Depreciation		(511,601)		(10,728)		(203,580)
Total Occital Access Not of Accessorated						
Total Capital Assets, Net of Accumulated		0.440.040		40.005		0.400.000
Depreciation		2,419,016		13,295	-	2,422,099
Total Noncurrent Assets		2,419,016		13,295		2,422,099
Total Assets		2,475,488		392,230		2,830,414
LIABILITIES						
Current Liabilities						
Accounts Payable		8,300		37,959		68,686
Accrued Interest Payable		6,327		-		-
Escrow Deposits		-		4,104		-
Due to Other Funds		40,000		-		-
Unearned Revenue		1,252		1,800		-
Current Portion of Compensated Absences		411		456		22,283
Current Portion of Bonds/Notes Payable		71,763				
Total Current Liabilities		128,053		44,319		90,969
Noncurrent Liabilities						
Compensated Absences		182		202		9,862
Other Post-Employment Benefit Obligation		-		7,579		20,074
Bonds/Notes Payable		808,707		-		-
Total Noncurrent Liabilities		808,889		7,781		29,936
Total Liabilities		936,942		52,100		120,905
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	t	1,538,546		13,295		2,422,099
Unrestricted				326,835		287,410
Total Net Assets	\$	1,538,546	\$	340,130	\$	2,709,509

COMBINING STATEMENT OF NET ASSETS NON-MAJOR ENTERPRISE FUNDS JUNE 30, 2009

	(0011)	INOLD)	
PROPERTY MANAGEMENT	TOTAL PARKS AND RECREATION	PUBLIC MARINAS	TOTAL NON-MAJOR ENTERPRISE
\$ 60,138	\$ 716,940	\$ 290,790	\$ 1,007,730
32,858	85,192	ψ 290,790 -	85,192
-	40,000	-	40,000
5,000	81,204	-	81,204
-	8,432	-	8,432
	9,950		9,950
97,996	941,718	290,790	1,232,508
49,335	2,513,719	209,248	2,722,967
2,362,024	2,659,970	-	2,659,970
99,013	2,115,391	401,542	2,516,933
49,730	83,445	-	83,445
156,461	796,321	-	796,321
1,748	30,750	-	30,750
-	99,034	104,808	203,842
2,718,311	8,298,630	715,598	9,014,228
(439,751)	(1,165,660)	(57,983)	(1,223,643)
2,278,560	7,132,970	657,615	7,790,585
2,278,560	7,132,970	657,615	7,790,585
2,376,556	8,074,688	948,405	9,023,093
19,258	134,203	1,242	135,445
-	6,327	756	7,083
6,650	10,754	-	10,754
-	40,000	507	40,507
12,000	15,052	-	15,052
-	23,150	-	23,150
-	71,763	8,283	80,046
37,908	301,249	10,788	312,037
-	10,246	-	10,246
48,922	76,575	-	76,575
-	808,707	50,804	859,511
48,922	895,528	50,804	946,332
86,830	1,196,777	61,592	1,258,369
2 270 560	6 252 500	509 529	6 951 029
2,278,560 11,166	6,252,500 625,411	598,528 288,285	6,851,028 913,696
\$ 2,289,726	\$ 6,877,911	\$ 886,813	\$ 7,764,724
			

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS NON-MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	C	GOLF COURSE		CREATION OGRAMS	PUBLIC LANDINGS		
OPERATING REVENUES							
Charges for Services	\$	282,937	\$	439,774	\$	256,730	
Intergovernmental		-		5,198		37,325	
Material Sales		41,345		-		-	
Miscellaneous Revenues		5,618		27,680		43,296	
Total Operating Revenues		329,900		472,652		337,351	
OPERATING EXPENSES							
Cost of Sales and Services							
Parks and Recreation		356,321		529,059		381,414	
Public Marinas		-		-		-	
Total Cost of Sales and Services		356,321		529,059		381,414	
Depreciation		41,877		1,650		33,262	
Total Operating Expenses		398,198		530,709		414,676	
Operating Income (Loss)		(68,298)		(58,057)		(77,325)	
NON-OPERATING REVENUES (EXPENSES)							
Interest Expense		(46,203)		-		-	
Gain on Disposal of Capital Assets		35,629		-		-	
Total Non-Operating (Expenses)		(10,574)				-	
Gain (Loss) Before Contributions and Transfers		(78,872)		(58,057)		(77,325)	
Capital Contributions, Fees and Grants		3,464				60,604	
Transfers In		1,540,671		43,000			
Change in Net Assets		1,465,263		(15,057)		(16,721)	
Total Net Assets - Beginning of Year		73,283		355,187		2,726,230	
Total Net Assets - End of Year	\$	1,538,546	\$	340,130	\$	2,709,509	

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS NON-MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

OPERTY IAGEMENT	TOTAL ARKS AND ECREATION	PUBLIC MARINAS		TOTAL NON-MAJOR ENTERPRISE		
\$ 546,803 3,301 12,831	\$ 1,526,244 45,824 54,176	\$ \$ 100,250 - -		1,626,494 45,824 54,176		
19,314	95,908	_		95,908		
582,249	 1,722,152	 100,250		1,822,402		
745,322 -	2,012,116 -	- 28,427		2,012,116 28,427		
745,322	2,012,116	28,427		2,040,543		
78,684	155,473	8,031		163,504		
824,006	2,167,589	 36,458		2,204,047		
(241,757)	 (445,437)	 63,792		(381,645)		
- -	 (46,203) 35,629	(1,592)		(47,795) 35,629		
	 (10,574)	 (1,592)		(12,166)		
(241,757)	 (456,011)	 62,200		(393,811)		
5,000	69,068			69,068		
371,250	 1,954,921	 17,061		1,971,982		
134,493	 1,567,978	 79,261		1,647,239		
2,155,233	 5,309,933	 807,552		6,117,485		
\$ 2,289,726	\$ 6,877,911	\$ 886,813	\$	7,764,724		

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers and users \$ 283,117 \$ 397,002 \$ 256,601 Receipts from customers and users \$ 283,117 \$ 397,002 \$ 256,601 Receipts from other operating revenues \$ 68,499 32,678 33,007 Payments to suppliers \$ (41,474) \$ (401,164) \$ (37,007) Payments to suppliers and on behalf of employees \$ (44,489) \$ (162,427) \$ (27,679) Net Cash Provided (Used) by Operating Activities \$ 1,540,671 \$ 43,000 \$. Transfers from other funds \$ 1,540,671 \$ 43,000 \$. \$. Loan proceeds from interfund loans \$ 40,000 \$. \$. \$. Principal paid on interfund loans \$ 1,44,606 \$ 43,000 \$.							
CASH FLOWS FROM OPERATING ACTIVITIES \$ 283,117* \$ 397,002 \$ 256,601 Receipts from customers and users \$ 283,117* \$ 397,002 \$ 256,601 Receipts from customers and users 68,499 32,578 32,507 Payments to suppliers (68,499) 32,578 32,507 Payments to employees and on behalf of employees (64,489) (102,427) (279,093) Net Cash Provided (Used) by Operating Activities (27,614) (133,701) (27,603) CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers from other funds 1,540,671 43,000 - Net Cash Provided by Noncapital Financing Activities 14,480,665 - - Net Cash Provided by Noncapital Financing Activities 144,606 43,000 - Net Cash Provided by Noncapital Financing Activities 3,629 - - Proceads from the disposition of capital assets (60,000) - - Receipts from capital grants and contributions 3,464 - - - Receipts from capital grants and contributions (60,000) - - -			GOLE	REC	REATION	PLIBLIC	
Receipts from customers and users \$283.117 \$397.002 \$256.601							
Receipts from customers and users			COROL		OCI (7 (IVIO	 WADII VOO	
Receipts from customers and users	CASH FLOWS FROM OPERATING ACTIVITIES						
Payments to suppliers		\$	283,117	\$	397,002	\$ 256,601	
Payments to employees and on behalf of employees	Receipts from other operating revenues		68,499		32,878	32,507	
Net Cash Provided (Used) by Operating Activities (27,614) (133,701) (27,603)	Payments to suppliers		(314,741)		(401,154)	(37,002)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES 1,540,671 43,000 - -	Payments to employees and on behalf of employees		(64,489)		(162,427)	 (279,709)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES 1,540,671 43,000 - -	Net Cash Provided (Used) by Operating Activities		(27.614)		(133.701)	(27.603)	
Transfers from other funds	The Cash Terrasa (Casas) by Operaning Terrania		(=:;0::)		(100), 01)	(21,000)	
Loan proceeds from interfund loans	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal paid on interfund loans	Transfers from other funds		1,540,671		43,000	-	
Net Cash Provided by Noncapital Financing Activities 144,606 43,000 - CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Proceeds from the disposition of capital assets 35,629 - - Receipts from capital grants and contributions 3,464 - 60,604 Principal paid on capital debt (60,000) - - Interest paid on capital debt (43,474) - - Acquisition and Construction of Capital Assets (4,571) (7,518) (68,945) Net Cash Provided (Used) by Capital and Related Financing Activities - - - Net Cash Provided (Used) by Investing Activities - - - - Net increase (decrease) in cash and cash equivalents 48,040 (98,219) (35,944) Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconciliation of operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating activities \$ (88,298) \$ (58,057) \$ (77,325) Opera	Loan proceeds from interfund loans		40,000		-	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES 35,629 - - Proceeds from the disposition of capital assets 3,464 - 60,604 Receipts from capital grants and contributions 3,464 - 60,604 Principal paid on capital debt (60,000) - - Interest paid on capital debt (43,474) - - Acquisition and Construction of Capital Assets (4,571) (7,518) (68,945) Net Cash Provided (Used) by Capital and Related Financing Activities (68,952) (7,518) (8,341) CASH FLOWS FROM INVESTING ACTIVITIES - - - - Net Cash Provided (Used) by Investing Activities - - - - Net Increase (decrease) in cash and cash equivalents 48,040 (98,219) (35,944) Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconciliation of operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss)	Principal paid on interfund loans		(1,436,065)		-	 -	
Proceeds from the disposition of capital assets 35,629	Net Cash Provided by Noncapital Financing Activities		144,606		43,000	 	
Proceeds from the disposition of capital assets 35,629	CARLLELOWO FROM CARITAL AND RELATED FINANCING ACTIVITIES						
Receipts from capital grants and contributions 3,464 - 60,604 Principal paid on capital debt (60,000) - - Interest paid on capital debt (43,474) - - Acquisition and Construction of Capital Assets (4,571) (7,518) (68,945) Net Cash Provided (Used) by Capital and Related Financing Activities (68,952) (7,518) (8,341) CASH FLOWS FROM INVESTING ACTIVITIES - - - - Net Cash Provided (Used) by Investing Activities - - - - Net increase (decrease) in cash and cash equivalents 48,040 (98,219) (35,944) Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconciliation of operating income (loss) to net cash provided by operating activities \$ (68,298) (58,057) (77,325) Adjustments to reconcile operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating activities: \$ (68,298) \$ (58,057) \$ (77,325) <tr< td=""><td></td><td></td><td>25.020</td><td></td><td></td><td></td></tr<>			25.020				
Principal paid on capital debt (60,000) - - - - - - - - -					-	-	
Interest paid on capital debt					-	60,604	
Acquisition and Construction of Capital Assets (4,571) (7,518) (68,945) Net Cash Provided (Used) by Capital and Related Financing Activities (68,952) (7,518) (8,341) CASH FLOWS FROM INVESTING ACTIVITIES S - - - Net Cash Provided (Used) by Investing Activities - - - - Net increase (decrease) in cash and cash equivalents 48,040 (98,219) (35,944) Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconcilitation of operating income (loss) to net cash provided by operating activities \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating activities: Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: - - (48,114) - Accounts receivable, net 660 (43,124) - Operating grants receivable 21,536 - (48,1					-	-	
Net Cash Provided (Used) by Capital and Related Financing Activities (68,952) (7,518) (8,341) CASH FLOWS FROM INVESTING ACTIVITIES Net Cash Provided (Used) by Investing Activities - - - - Net increase (decrease) in cash and cash equivalents 48,040 (98,219) (35,944) Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconciliation of operating income (loss) to net cash provided by operating activities \$ (68,298) (58,057) (77,325) Adjustments to reconcile operating income (loss) * (88,298) \$ (58,057) (77,325) Adjustments to reconcile operating activities: * (88,298) * (58,057) * (77,325) Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: * (48,114) * (48,114) Accounts receivable, net 660 (43,124) * (48,114) Inventories and Prepaid Expenses (3,176) (9,951) * (48,114) Inventories and Prepaid Expenses (19,271) (32,262) 39,316	·				(7.540)	(00.045)	
CASH FLOWS FROM INVESTING ACTIVITIES Net Cash Provided (Used) by Investing Activities -	Acquisition and Construction of Capital Assets		(4,571)		(7,518)	 (68,945)	
Net Cash Provided (Used) by Investing Activities -	Net Cash Provided (Used) by Capital and Related Financing Activities		(68,952)		(7,518)	 (8,341)	
Net Cash Provided (Used) by Investing Activities -	CASH FLOWS FROM INVESTING ACTIVITIES						
Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconcililation of operating income (loss) to net cash provided by operating activities Operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) *** **					-	 	
Balances - Beginning of year - 374,870 368,055 Balances - End of year \$ 48,040 \$ 276,651 \$ 332,111 Reconcilitation of operating income (loss) to net cash provided by operating activities Operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: Accounts receivable, net 660 (43,124) - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - - 7,579 20,074 Escrow deposits payable - (2) - <td r<="" td=""><td></td><td></td><td></td><td></td><td></td><td></td></td>	<td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Reconciliation of operating income (loss) to net cash provided by operating activities \$ 48,040 \$ 276,651 \$ 332,111 Reconciliation of operating income (loss) by operating activities \$ (68,298) \$ (58,057) \$ (77,325) Operating income (loss) by operating income (loss) to net cash provided (used) by operating activities: \$ 41,877 1,650 33,262 Changes in assets and liabilities: \$ 660 (43,124) - Accounts receivable, net 660 (43,124) - Operating grants receivable 21,536 - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Net increase (decrease) in cash and cash equivalents		48,040		(98,219)	(35,944)	
Reconciliation of operating income (loss) to net cash provided by operating activities Operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: 41,877 1,650 33,262 Changes in assets and liabilities: 460 (43,124) - Accounts receivable, net Operating grants receivable (15,236) - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - (2) - Deferred revenue collected in advance (480) 354 (129)	Balances - Beginning of year		-		374,870	 368,055	
Reconciliation of operating income (loss) to net cash provided by operating activities Operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: 41,877 1,650 33,262 Changes in assets and liabilities: 460 (43,124) - Accounts receivable, net Operating grants receivable (15,236) - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - (2) - Deferred revenue collected in advance (480) 354 (129)	Balances - End of year	\$	48 040	\$	276 651	\$ 332 111	
provided by operating activities \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) *** <t< td=""><td>Balancee End of your</td><td><u> </u></td><td>10,010</td><td>Ψ</td><td>210,001</td><td> 002,111</td></t<>	Balancee End of your	<u> </u>	10,010	Ψ	210,001	 002,111	
Operating income (loss) \$ (68,298) \$ (58,057) \$ (77,325) Adjustments to reconcile operating income (loss) *** <td>Reconciliation of operating income (loss) to net cash</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Reconciliation of operating income (loss) to net cash						
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: - <td>provided by operating activities</td> <td></td> <td></td> <td></td> <td></td> <td></td>	provided by operating activities						
to net cash provided (used) by operating activities: Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: Accounts receivable, net 660 (43,124) - Operating grants receivable 21,536 - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Operating income (loss)	\$	(68,298)	\$	(58,057)	\$ (77,325)	
Depreciation 41,877 1,650 33,262 Changes in assets and liabilities: -	Adjustments to reconcile operating income (loss)						
Changes in assets and liabilities: 660 (43,124) - Accounts receivable, net 660 (43,124) - Operating grants receivable 21,536 - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	to net cash provided (used) by operating activities:						
Accounts receivable, net 660 (43,124) - Operating grants receivable 21,536 - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Depreciation		41,877		1,650	33,262	
Operating grants receivable 21,536 - (48,114) Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Changes in assets and liabilities:						
Inventories and Prepaid Expenses (3,176) (9,951) - Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Accounts receivable, net		660		(43,124)	-	
Vendor accounts payable (19,271) (32,262) 39,316 Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Operating grants receivable		21,536		-	(48,114)	
Compensated absences (462) 112 5,313 Other Post-Employment Benefit Obligation - 7,579 20,074 Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Inventories and Prepaid Expenses		(3,176)		(9,951)	-	
Other Post-Employment Benefit Obligation-7,57920,074Escrow deposits payable-(2)-Deferred revenue collected in advance(480)354(129)	Vendor accounts payable		(19,271)		(32,262)	39,316	
Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Compensated absences		(462)		112	5,313	
Escrow deposits payable - (2) - Deferred revenue collected in advance (480) 354 (129)	Other Post-Employment Benefit Obligation		-		7,579	20,074	
Deferred revenue collected in advance (480) 354 (129)			-			-	
Net Cash Provided (Used) by Operating Activities \$ (27,614) \$ (133,701) \$ (27,603)			(480)			 (129)	
	Net Cash Provided (Used) by Operating Activities	\$	(27,614)	\$	(133,701)	\$ (27,603)	

COMBINING STATEMENT OF CASH FLOWS NON-MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

		JINTINULD)	0)			
TOTAL NON-MAJOR ENTERPRISE		TOTAL RKS AND PUBLIC CREATION MARINAS			ROPERTY PARKS	
\$ 1,567,465 233,465 (1,083,529) (942,786)	\$ 100,250 - (48,771) (3,307)	\$	1,467,215 233,465 (1,034,758) (939,479)	\$	530,495 99,581 (281,861) (432,854)	\$
(225,385)	48,172		(273,557)		(84,639)	
1,971,982 40,507 (1,676,614)	 17,061 507 (14,025)		1,954,921 40,000 (1,662,589)		371,250 - (226,524)	
335,875	 3,543		332,332		144,726	
35,629 69,068 (68,230) (45,094) (108,528)	- (8,230) (1,620) (22,545)		35,629 69,068 (60,000) (43,474) (85,983)		- 5,000 - - (4,949)	
(117,155)	 (32,395)		(84,760)		51_	
-	<u>-</u>				<u>-</u>	
(6,665)	19,320		(25,985)		60,138	
1,014,395	\$ 271,470	\$	742,925 716,940	\$	60,138	\$
\$ (381,645)	\$ 63,792	\$	(445,437)	\$	(241,757)	\$
163,504	8,031		155,473		78,684	
(73,972) 37,557 (13,127)	- - -		(73,972) 37,557 (13,127)		(31,508) 64,135	
(54,183) 4,963	(23,651)		(30,532) 4,963		(18,315) -	
76,575 3,198 11,745	 - - -		76,575 3,198 11,745		48,922 3,200 12,000	
\$ (225,385)	\$ 48,172	\$	(273,557)	\$	(84,639)	\$



FIDUCIARY FUNDS
Fiduciary funds account for assets held for others, in a trustee or agency capacity, which cannot be used to support other government programs.
Pension and Other Employee Benefit Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. The County's one Other Post-Employment Benefit (OPEB) Trust Fund accounts for retiree benefit plans and is reported as part of the Basic Financial Statements. Additional combining schedules for the OPEB Trust Fund are included in this section.
Agency Funds account for assets held by the County on behalf of individuals, private organizations, or other governments and/or funds. Additional combining schedules for the County's Agency Funds are included in this section.



OTHER POST-EMPLOYMENT BENEFIT (OPEB) TRUST FUNDS

The County established a Trust entity, entitled "Other Post-Employment Benefit Trust – County Commissioners of Queen Anne's County, County Commissioners of Kent County, and Participating Agencies" (OPEB Trust), to accumulate resources and account for and report retiree benefit plans for the participating agencies.

Participating agencies in the OPEB Trust Fund are as follows:

Queen Anne's County & Public Housing Authority Queen Anne's County Board of Education Queen Anne's County Library Kent County

AGENCY FUNDS

Agency funds are as follows:

Tax Ditch – This fund accounts for special taxing district revenues that are used to maintain drainage ditches located in parts of the County.

Zoning Deposits – This fund accounts for performance deposits required under various sections of the Zoning Ordinance.

State and Town Tax Collections – This fund accounts for collections received by the County on behalf of the State of Maryland and incorporated towns located within the County. These taxes are collected by the County along with County taxes and are then remitted to the proper jurisdiction.

Motor Vehicle Administration Deposits – This fund accounts for funds collected by the County for State vehicle registration fees.

Mid-shore Regional Recycling Program (MRRP) – This fund accounts for activities of the regional recycling effort that is supported by four counties, including Queen Anne's County.

Escheat – Abandoned Property – This fund accounts for stale-dated County payroll and disbursements checks that are voided by the County after six months and remitted to the State after three years as abandoned property. In accordance with State statutes, these funds are available to be claimed by the original payee or they revert to the State.

QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF FIDUCIARY NET ASSETS OTHER POST-EMPLOYMENT BENEFIT TRUST FUND JUNE 30, 2009

	CO PUBLI	EN ANNE'S DUNTY & C HOUSING ITHORITY	C BC	EN ANNE'S OUNTY OARD OF UCATION	С	EN ANNE'S OUNTY IBRARY	(KENT COUNTY		TOTAL OPEB TRUST FUNDS
ASSETS	•		•		•		•		•	
Cash and Cash Equivalents	\$	500,018	\$	500,018	\$	30,001	\$	155,005	\$	1,185,042
Total Assets		500,018		500,018		30,001		155,005		1,185,042
LIABILITIES										
Due to Other Governments						-		155,005		155,005
Total Liabilities								155,005		155,005
NET ASSETS HELD IN TRUST	\$	500,018	\$	500,018	\$	30,001	\$		\$	1,030,037

QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS OTHER POST-EMPLOYMENT BENEFIT TRUST FUND FOR THE YEAR ENDED JUNE 30, 2009

	C PUBL	EEN ANNE'S COUNTY & LIC HOUSING JTHORITY	Е	EEN ANNE'S COUNTY BOARD OF DUCATION	C	EN ANNE'S OUNTY BRARY	 TOTAL OPEB TRUST FUNDS
ADDITIONS Contributions							
Employers	\$	1,007,955	\$	1,534,955	\$	38,234	\$ 2,581,144
Members		182,137		525,000		3,176	 710,313
Total Contributions		1,190,092		2,059,955		41,410	 3,291,457
Investment Income		18		18		1_	37
Total Additions		1,190,110		2,059,973		41,411	3,291,494
DEDUCTIONS							
Claims Paid		690,092		1,559,955		11,410	 2,261,457
Change in Assets		500,018		500,018		30,001	1,030,037
NET ASSETS HELD IN TRUST Net Assets - Beginning of Year				<u>-</u>		<u>-</u>	
Net Assets - End of Year	\$	500,018	\$	500,018	\$	30,001	\$ 1,030,037



QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS JUNE 30, 2009

	TAX DITCH FUND	_	ZONING EPOSITS	&	STATE TOWN TAX LECTIONS	۷	MOTOR EHICLE ADMIN EPOSITS	RI	DSHORE EGIONAL CYCLING	ABAI	CHEAT - NDONED OPERTY	А	TOTAL .GENCY FUNDS
ASSETS											-		
Cash and Cash Equivalents Miscellaneous Receivables	\$ 121,219	\$	159,217	\$	81,068	\$	10,342	\$	165,626	\$	2,363	\$	374,209 165,626
Total Assets	\$ 121,219	\$	159,217	\$	81,068	\$	10,342	\$	165,626	\$	2,363	\$	539,835
LIABILITIES													
Due to Other Governments Deposits and Escrows	\$ - 121,219	\$	- 159,217	\$	81,068	\$	10,342	\$	165,626	\$	2,087 276	\$	259,123 280,712
Total Liabilities	\$ 121,219	\$	159,217	\$	81,068	\$	10,342	\$	165,626	\$	2,363	\$	539,835

QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

		Cash		cellaneous ceivables		Total Assets
TAX DITCH FUND						
Balance 7-1-08	\$	129,983	\$	-	\$	129,983
Additions		30,950		-		30,950
Deductions		(39,714)				(39,714)
Balance 6-30-09	\$	121,219	\$	<u>-</u>	\$	121,219
ZONING DEPOSITS						
Balance 7-1-08	\$	146,698	\$	-	\$	146,698
Additions		14,552		-		14,552
Deductions		(2,033)		-		(2,033)
Balance 6-30-09	\$	159,217	\$	<u> </u>	\$	159,217
STATE AND TOWN TAX COLLECTIONS						
Balance 7-1-08	\$	74,928	\$	-	\$	74,928
Additions		11,384,904	,	-		11,384,904
Deductions		(11,378,764)		-		(11,378,764)
						· ·
Balance 6-30-09	\$	81,068	\$	-	\$	81,068
MOTOR VEHICLE ADMIN DEPOSITS						
Balance 7-1-08	\$	4,197	\$	_	\$	4,197
Additions	*	352,957	•	_	*	352,957
Deductions		(346,812)		-		(346,812)
		(==,=,,			_	(
Balance 6-30-09	\$	10,342	\$	-	\$	10,342
MIDSHORE REGIONAL RECYCLING						
Balance 7-1-08	\$	-	\$	114,352	\$	114,352
Additions	*	942,235	*	170,896	*	1,113,131
Deductions		(942,235)		(119,622)		(1,061,857)
		, ,				
Balance 6-30-09	\$	-	\$	165,626	\$	165,626
ESCHEAT - ABANDONED PROPERTY						
Balance 7-1-08	\$	1,379	\$	_	\$	1,379
Additions	Ψ	2,323	Ψ	_	Ψ	2,323
Deductions		(1,339)		-		(1,339)
		(, /				(, , , , , , , , , , , , , , , , , , ,
Balance 6-30-09	\$	2,363	\$	-	\$	2,363
TOTALS - ALL AGENCY FUNDS						
Balance 7-1-08	\$	357,185	\$	114,352	\$	471,537
Additions		12,727,921	•	170,896		12,898,817
Deductions		(12,710,897)		(119,622)		(12,830,519)
Balance 6-30-09	\$	374,209	\$	165,626	\$	539,835
244.100 0 00 00	Ψ	01-1,200	Ψ	100,020	Ψ	555,555

QUEEN ANNE'S COUNTY, MARYLAND COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

G	Due to Other overnments		Escrow Deposits	Total Liabilities
\$	-	\$	129,983	\$ 129,983
	- -	-	(8,764)	(8,764)
\$	<u>-</u>	\$	121,219	\$ 121,219
\$	- - -	\$	146,698 14,552 (2,033)	\$ 146,698 14,552 (2,033)
\$	-	\$	159,217	\$ 159,217
\$	74,928 11,384,904 (11,378,764)	\$	- - -	\$ 74,928 11,384,904 (11,378,764)
\$	81,068	\$	-	\$ 81,068
\$	4,197 352,250 (346,105)	\$	- - -	\$ 4,197 352,250 (346,105)
\$	10,342	\$	<u>-</u>	\$ 10,342
\$	114,352 374,575 (323,301)	\$	- - -	\$ 114,352 374,575 (323,301)
\$	165,626	\$	-	\$ 165,626
\$	1,339 2,087 (1,339)	\$	40 236 -	\$ 1,379 2,323 (1,339)
\$	2,087	\$	276	\$ 2,363
\$	194,816 12,113,816 (12,049,509)	\$	276,721 14,788 (10,797)	\$ 471,537 12,128,604 (12,060,306)
\$	259,123	\$	280,712	\$ 539,835



Changes in Capital Assets Interfund Receivables and Payables Interfund Transfers Capital Assets are material physical assets whose useful lives exceed one year. Capital Assets represent a significant portion of the County's total assets. The capital asset schedule included in this section outlines the types of changes that took place in governmental capital assets during the fiscal year. Interfund receivables and payables are usually used by the County to cover temporary cash deficits in individual funds until grant funds are received. Occasionally, these receivables and payables are used in lieu of short-term external borrowing, such as for capital lease agreements. Interfund Transfers represent a transfer of resources from one fund to another, without expectation of repayment, and are usually undertaken to enable the receiving entity to provide services that the government has determined to be in the best interest of the County. The following detailed schedules of changes in capital assets, interfund receivables and payables, and interfund transfers are optional schedules added in order to clarify the tables found in Note 6 - Capital Assets, Note 7 - Interfund Receivables and Payables, and Note 8 - Interfund Transfers. The note schedules are more condensed and show totals by fund type, whereas the following detailed schedules provide totals by individual funds.



QUEEN ANNE'S COUNTY, MARYLAND DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2009

							Less		Less	
		Traded &	Governmental	General	Roads	Capital Asset	General	Less	Current Year	Change in
	Governmental	Transferred	Force in Kind	Capital	Capital	Donations	Capital Project	Capital Asset	Depreciation	Capital
Governmental Activities	Capital Outlay	Capital Outlay	Expenditures	Projects	Projects	Received	Retirements	Retirements	Expense	Assets
Capital Assets, not being depreciated:										
Land	\$ -	\$ 283,648	\$ -	\$ 1,107,323	\$ -	\$ -	\$ -	\$ (1,362,723)	\$ -	\$ 28,248
Land Improvements	-	-	-	86,033	-	-	-	-	-	86,033
Construction in Progress	-	-	296,140	5,915,226	(829,141)	-	(1,278,275)	(17,323)	-	4,086,627
Land - Inexhaustible Infrastructure Improvements				46,837	31,668	-		(597)		77,908
Total Capital Assets, not being depreciated		283,648	296,140	7,155,419	(797,473)		(1,278,275)	(1,380,643)		4,278,816
Capital Assets, being depreciated:										
Buildings and Building Improvements	103,059	1,138,246	-	372,560	229,144	-	-	(1,395,915)	-	447,094
Improvements other than Buildings	-	35,322	-	262,819	-	-	-	(37,845)	-	260,296
Vehicles	150,397	4,270	-	610,455	-	5,000	-	(73,623)	-	696,499
Equipment	657,789	-	-	226,028	-	12,600	-	(88,200)	-	808,217
Furniture and Fixtures	280,451	-	-	18,203	-	-	-	(49,339)	-	249,315
Infrastructure Improvements - Depreciable				11,709	601,692	-		(11,347)		602,054
Total Capital Assets, being depreciated	1,191,696	1,177,838		1,501,774	830,836	17,600		(1,656,269)		3,063,475
Less Accumulated Depreciation								440,961	(3,049,539)	(2,608,578)
Total Capital Assets, being depreciated, net	1,191,696	1,177,838		1,501,774	830,836	17,600		(1,215,308)	(3,049,539)	454,897
Total Increase (Decrease) in Capital Assets	\$ 1,191,696	\$ 1,461,486	\$ 296,140	\$ 8,657,193	\$ 33,363	\$ 17,600	\$ (1,278,275)	\$ (2,595,951)	\$ (3,049,539)	\$ 4,733,713

QUEEN ANNE'S COUNTY, MARYLAND DETAILED SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES JUNE 30, 2009

			_									
	DUE FROI	M FUND	_									
		JOR IMENTAL				NON-	MAJO	R GOVERN	NMENT	AL		
DUE TO FUND		GENERAL DEPA CAPITAL PROJECTS OF		PARTMENT F AGING			JNITY FOR		CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES		SI	JBTOTAL
General Fund	\$	-	\$	165,291	\$	24,445	\$	39,344	\$	72,481	\$	301,561
<u>Capital Projects Funds</u> General Capital Projects		-		-		-		-		-		-
Enterprise Funds Sanitary District - Sewer Operating Parks and Recreation - Recreational Programs Total Transfers Out by Enterprise Funds		-		<u>-</u>		-		-		-		<u>-</u>
Component units Queen Anne's County Board of Education		635,771		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		-
TOTAL ALL FUNDS	\$	635,771	\$	165,291	\$	24,445	\$	39,344	\$	72,481	\$	301,561

QUEEN ANNE'S COUNTY, MARYLAND DETAILED SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES JUNE 30, 2009

MAJOR ENTERPRISE					NON-M	IAJOR	ENTER	PRISI	<u> </u>		PONENT UNITS	
STRICTED FUND	DEB1	ANITARY DISTRICT DEBT SERVICE FUND SUBTOTAL		BTOTAL	GOLF COURSE		PUBLIC MARINAS		SUBTOTAL		EN ANNE'S COUNTY COUSING THORITY	TOTAL
\$ -	\$	-	\$	-	\$ -	\$	507	\$	507	\$	454,157	\$ 756,225
40,000		-		40,000	-		-		-		-	40,000
 -		40,341 - 40,341		40,341 - 40,341	 - 40,000 40,000		-		- 40,000 40,000		-	 40,341 40,000 80,341
 					 				-			 635,771
\$ 40,000	\$	40,341	\$	80,341	\$ 40,000	\$	507	\$	40,507	\$	454,157	\$ 1,512,337

			TRANS	SFERS IN F	UND								
			MAJOR GOVERNMENTAL										
TRANSFERS OUT FUND	TRANSFERS OUT TOTAL		GENERAL FUND		GENERAL CAPITAL PROJECTS		ROADS BOARD		SI	JBTOTAL			
General Fund	\$	2,573,612	\$	<u>-</u>	\$	21,483	\$	30,616	\$	52,099			
Capital Projects Funds													
General Capital Projects (1)		3,808,465		543,019		-		-		543,019			
Roads Capital Projects		20,000		-		20,000		-		20,000			
Impact Fees - Schools		1,408,120	1	,408,120		-				1,408,120			
Total Transfers Out by Capital Projects Funds		5,236,585	1	,951,139		20,000				1,971,139			
Special Revenue Funds													
Kent Narrows		45,415		45,415		-		-		45,415			
Community Partnerships		23,660		23,660		-		-		23,660			
Agricultural Transfer		1,000,000		-		-		-		-			
Total Transfers Out by Special Revenue Funds		1,069,075		69,075				-		69,075			
Major Enterprise Funds													
Sanitary District - Restricted		1,343,312		-		-		-		-			
Sanitary District - Debt Service		2,114,845				-		-					
Total Transfers Out by Major Enterprise Funds		3,458,157				-		-					
Total Transfers Out by All Funds	\$	12,337,429	\$ 2	2,020,214	\$	41,483	\$	30,616	\$	2,092,313			

⁽¹⁾ In fiscal year 2009, the General Capital Projects Fund transferred 2006 bond proceeds in the amount of \$81,699 to the Bay Bridge Airport Enterprise Fund. This transaction was appropriately recorded on the Airport's books as an increase to debt liability and on the General Capital Projects Fund's books as a transfer out. Because enterprise funds and governmental funds record such transactions differently, the \$81,699 is reported only as a transfer out with no corresponding transfer in.

(CONTINUED)

DEPARTMENT OF AGING	CO	JSING AND MMUNITY ERVICES	PART	MMUNITY NERSHIPS FOR HILDREN	LE	RURAL LEGACY ADM / EASEMENT		LAW LIBRARY		AGRICULTURAL TRANSFER		CAPITAL PROJECTS - FIRE COMPANY IMPACT FEES		UBTOTAL
\$ 1,622,471	\$	416,742	\$	105,384	\$		\$	8,520	\$	32,000	\$	37,069	\$	2,222,18
- - -		- - -		- -		-		- - -		135,000		-		135,00
-						-				135,000				135,00
-		- - -		- - -	1	- - ,000,000		- - -		- - -		- - -		- - 1,000,00
		-		-	1	,000,000		-		-		-		1,000,00
- -		-		-		- -		-		-		<u>-</u>		-
		<u>-</u>		<u>-</u>								-		-

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TRANSFERS IN FUND MAJOR ENTERPRISE SANITARY DISTRICT **BAY BRIDGE** SEWER WATER DEBT SERVICE OPERATIONS TRANSFERS OUT FUND **OPERATIONS** FUND SUBTOTAL AIRPORT SUBTOTAL General Fund 157,307 4,592 161,899 \$ 34,308 196,207 Capital Projects Funds General Capital Projects 233,000 233,000 946,885 1,179,885 Roads Capital Projects Impact Fees - Schools Total Transfers Out by Capital Projects Funds 233,000 233,000 946,885 1,179,885 Special Revenue Funds Kent Narrows Community Partnerships Agricultural Transfer Total Transfers Out by Special Revenue Funds Enterprise Funds Sanitary District - Restricted 1,054,507 288,805 1,343,312 1,343,312 Sanitary District - Debt Service 1,738,631 376,214 2,114,845 2,114,845 3,458,157 Total Transfers Out by Enterprise Funds 1,738,631 665,019 1,054,507 3,458,157

822,326

\$ 1,054,507

3,853,056

981,193

4,834,249

1,976,223

Total Transfers Out by All Funds

	NON-	MAJOR ENTERI	PRISE		
GOLF COURSE	RECREATION PROGRAMS	PROPERTY MANAGEMENT	PUBLIC MARINAS	SUBTOTAL	TRANSFERS IN TOTAL
\$ 154	\$ 43,000	\$ 56,930	\$ 3,036	\$ 103,120	\$ 2,573,612
1,540,517 - -	- - -	314,320 - -	14,025 - -	1,868,862 - -	3,726,766 20,000 1,408,120
1,540,517		314,320	14,025	1,868,862	5,154,886
- - -	- - -	- - -	- - -	- - -	45,415 23,660 1,000,000
					1,069,075
<u>-</u>	-			-	1,343,312 2,114,845
					3,458,157
\$ 1,540,671	\$ 43,000	\$ 371,250	\$ 17,061	\$ 1,971,982	\$ 12,255,730



Community Partnerships for Children Community Partnerships for Children is reported as a Non-Major Special Revenue Fund in the
County's financial statements. In lieu of preparing separate audited financial statements for the Partnership, additional schedules have been added to the County's financial statements to meet requirements of the Partnership's grantor agencies.

QUEEN ANNE'S COUNTY COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND COMBINING BALANCE SHEETS BY GRANTOR

JUNE 30, 2009 (with Summarized Totals as of June 30, 2008)

	Admin	Fed/State GOCCP GOC	Federal Family Support Ctr	Federal Drug-Free Community SAMHSA	State CSAFE	State OTHER
ASSETS						
Cash and cash equivalents	\$ 14,059	\$ 913,420	\$ 4,131	\$ -	\$ -	\$ 33,908
Accounts receivable	2,140	-	-	-	-	-
Due from State governmental agencies	51,595	157,655	-		17,381	-
Due from Federal governmental agencies		37,308		28,985		
Total Assets	\$ 67,794	\$ 1,108,383	\$ 4,131	\$ 28,985	\$ 17,381	\$ 33,908
LIABILITIES AND FUND BALANCES LIABILITIES						
Accounts payable and accrued expenditures	\$ 7,686	\$ 267,338	\$ -	\$ 433	\$ 6,589	\$ -
Due to other funds	-	-	-	28,552	10,792	-
Due to (from) State governmental agencies	(21,973)	580,153	4,131	-	-	33,908
Deferred revenue		258,287				
Total Liabilities	(14,287)	1,105,778	4,131	28,985	17,381	33,908
FUND BALANCES						
Reserved						
Donor-Specified Purposes	50	1,000				
Total Reserved	50	1,000	-	-	-	-
Unreserved	82,031	1,605				
Total Fund Balances	82,081	2,605				
Total Liabilities and Fund Balances	\$ 67,794	\$ 1,108,383	\$ 4,131	\$ 28,985	\$ 17,381	\$ 33,908

QUEEN ANNE'S COUNTY COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND COMBINING BALANCE SHEETS BY GRANTOP

BY GRANTOR JUNE 30, 2009 (with Summarized Totals as of June 30, 2008) (CONTINUED)

				(00:1::02	_,		
	Total Community artnerships	Returned investment Fund		2009 Total		S	2008 ummarized Total
\$	965,518 2,140 226,631 66,293	\$ 5,350 - - -	\$	970,868 2,140 226,631 66,293		\$	1,088,399 91,733 169,354 82,712
\$	1,260,582	\$ 5,350	\$	1,265,932		\$	1,432,198
\$	282,046 39,344 596,219 258,287	\$ - - -	\$	282,046 39,344 596,219 258,287		\$	713,598 29,148 421,218 47,964
	1,175,896	-		1,175,896			1,211,928
	1,050	 		1,050			1,050
	1,050	-		1,050			1,050
	83,636	 5,350		88,986			219,220
	84,686	 5,350		90,036			220,270
\$	1,260,582	\$ 5,350	\$	1,265,932		\$	1,432,198

			Federal/State GOCCP/GOC									
		ninistrative rating Fund Total		POS Return	In	POS n-State version	D	POS iversion		CASA Start		esource omotion
REVENUES						-		-				
CPA Intergovernmental												
GOC	\$	306,130	\$	160,334	\$	_	\$	50,000	\$	59,458	\$	98,020
GOC - Carryforward	•	-	Ψ.	-	Ψ.	4,733	Ψ	-	Ψ.	-	Ψ.	-
Subtotal CPA		306,130		160,334		4,733		50,000		59,458		98,020
Non-CPA												
Intergovernmental												
Federal GOCCP Youth Strategies Federal SAMHSA Drug-Free Communities		-		-		-		-		68,844		-
Federal MSDE Healthy Families												
GOC - non-CPA												
Other		-				-		-		-		-
Investment Income		8,736		-		-		-		-		-
Donations		-		-		-		-		-		-
Miscellaneous		25,188		-		-		-		-		-
Subtotal Non-CPA		33,924	_							68,844		
Total Revenues		340,054		160,334		4,733		50,000		128,302		98,02
Total Novellage		0.0,00.		100,001		1,7 00		00,000		120,002		00,02
XPENDITURES												
<u>CPA</u>												
Program Contracted Services		-		160,334		4,733		-		59,458		98,02
Other Expenditures		040 400										
Salaries Fringe Benefit Costs		216,488 79,238		-		-		-		-		-
Auditing		2,686										
Consultants		19,498		-		-		-		-		_
Professional Groups		500		-		-		-		-		-
Equipment Rental		4,200		-		-		-		-		-
Other Contracted Services		-		-		-		-		-		-
Postage		1,838		-		-		-		-		-
Office Supplies		3,060		-		-		-		-		-
Printing and Publishing		-		-		-		-		-		-
Equipment Operation		380		-		-		-		-		-
Business Travel		152		-		-		-		-		-
Meetings & Conferences Training		3,558 368		-		-		-		-		-
Board's Expenditures		5,146								-		
Advertising		500										-
Marketing/Promotions		-		-		_		_		-		_
Communications		1,073		-		-		-		-		-
Utilities		1,654		-		-		-		-		-
Rent		19,185		-		-		-		-		-
Other Charges		1,990		-		-		-		-		-
Subtotal CPA Expenditures		361,514	_	160,334		4,733				59,458		98,02
Ion-CPA												
Program Contracted Services		-		-		-		-		68,844		-
Other Expenditures												
Salaries		23,017		-		-		-		-		-
Fringe Benefit Costs		-		-		-		-		-		-
Auditing		903		-		-		-		-		-
Consultants		7,702		-		-		-		-		-
Professional Groups Equipment Rental		150		-		-		-		-		-
Other Contracted Services		1,251								-		
Postage		_		-		-		-		-		_
Office Supplies		_		-		-		-		-		-
Printing and Publishing		-		-		-		-		-		-
Meetings & Conferences		-		-		-		-		-		-
Training		-		-		-		-		-		-
Marketing/Promotions		-		-		-		-		-		-
Communications		54		-		-		-		-		-
Utilities				-		-		-		-		-
Rent Subtotal Non-CPA Expenditures		847 33,924					_			68,844		
Subtotal Noti-Of A Experiatores	-	33,324	_							00,044		
Total Expenditures		395,438		160,334		4,733		-		128,302		98,02
excess of Revenues Over (Under) Expenditures		(55,384)		-		-		50,000		-		-
THER FINANCING SOURCES (USES)												
Transfers In (Out) within Partnerships		50,000		_				_		_		
Transfers Out		-				-		(50,000)		-		
Transfers In (Out) for								,55,500)				
		5,384		-		-		-		-		-
Program Contracted Services - In												_
Program Contracted Services - In Program Contracted Services - Out		-		-		-		-		-		
Program Contracted Services - Out			_			<u> </u>		(50.655)	_			
	_	55,384	_				_	(50,000)	_			-

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			(C	ONTINUED)			
			Federal/S	State GOCCP/GO	0		
Chesapeake Helps	Healthy Fam/Home Visiting	Family Navigators	MD After School Opportunity	Character Counts	Child Mental Certification	Rising Star Youth Leadership	GOCCP/GOC Operating Fund Total
\$ 130,052	\$ 99,978	\$ 168,753	\$ 86,450	\$ 20,199	\$ -	\$ -	\$ 873,244
130,052	99,978	168,753	86,450	20,199	-	-	4,733 877,977
-	-	-	-				68,844
-	296,372	-	-	-	-	- 4.000	296,372
-	-	-	-	-	1,600 -	4,000	5,600
-	-	-	-	-	-	-	-
-	296,372			-	1,600	4,000	370,816
130,052	396,350	168,753	86,450	20,199	1,600	4,000	1,248,793
130,052	99,978	168,753	86,450	-	-	-	807,778
-	-	-	-	4,573 376	-	-	4,573 376
-	-	-	-	-		-	-
-	-	-	-	-	-	-	-
-	-	-		-	-		-
-	-	-	-	-	-	-	-
-	-	-	-	3,915 246	-	-	3,915 246
-	-	-	-	-	-	-	-
-	-	-	-	1,539 224	-		1,539 224
-	-	-	-	-	-	-	-
-	-	-	-	9,326	-	-	9,326
-	-	-	-	-	-	-	-
-	-	-	-	-		-	-
130,052	99,978	168,753	86,450	20,199	-	-	827,977
-	296,372	-	100,000	-	1,600	4,000	470,816
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-			-		-	-	-
-	-	-	-	-	-	-	-
-	-	-			-		-
-	-	-	-	-	-	-	-
	296,372		100,000		1,600	4,000	470,816
130,052	396,350	168,753	186,450	20,199	1,600	4,000	1,298,793
-	-	-	(100,000)	-	-	-	(50,000
-	-	-	-	- -	-	- -	(50,000
-	-	-	100,000	-	-		100,000
			100,000				50,000
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	Drug Free				
	Community		CSAFE		
	Operating Fund Total	Community Policing	Youth Prevention	Operating Fund Total	All Programs Subtotal
REVENUES	Total		. 10101111011		<u> </u>
CPA Intergovernmental					
GOC	\$ -	\$ -	\$ -	\$ -	\$ 1,179,374
GOC - Carryforward Subtotal CPA					4,733
Non-CPA					1,184,107
Intergovernmental					
Federal GOCCP Youth Strategies Federal SAMHSA Drug-Free Communities	93,883	-	-	-	68,844 93,883
Federal MSDE Healthy Families	-	-	-	-	296,372
GOC - non-CPA	-	-		-	5,600
Other Investment Income	-	22,685	26,147	48,832	48,832 8,736
Donations	-	-	-	-	-
Miscellaneous Subtotal Non-CPA	93,883	22,685	26,147	48,832	25,188 547,455
Subtotal Non-CFA	93,003	22,003	20,147	40,032	347,433
Total Revenues	93,883	22,685	26,147	48,832	1,731,562
EXPENDITURES					
CPA					
Program Contracted Services Other Expenditures	-	-	-	-	807,778
Salaries	-	-	-	-	221,061
Fringe Benefit Costs	-	-	-	-	79,614
Auditing Consultants	-	-	-	-	2,686 19,498
Professional Groups	-	-	-	-	500
Equipment Rental	-	-	-	-	4,200
Other Contracted Services Postage	-	-	-	-	1,838
Office Supplies	-	-	-	-	6,975
Printing and Publishing Equipment Operation	-	-	-	-	246
Business Travel	-	-	-	-	380 152
Meetings & Conferences	-	-	-	-	5,097
Training	-	-	-	-	592
Board's Expenditures Advertising		-		-	5,146 500
Marketing/Promotions	-	-	-	-	9,326
Communications	-	-	-	-	1,073
Utilities Rent	-	-	-	-	1,654 19,185
Other Charges					1,990
Subtotal CPA Expenditures					1,189,491
Non-CPA					
Program Contracted Services	-	375	26,147	26,522	497,338
Other Expenditures Salaries	29,855	-	-	-	52,872
Fringe Benefit Costs	12,438	-	-	-	12,438
Auditing	361	-	-	-	1,264
Consultants Professional Groups	3,944	-	-	-	11,646 150
Equipment Rental	-	-	-	-	1,251
Other Contracted Services Postage	16,806	-	-	-	16,806
Office Supplies	506	-	-	-	506
Printing and Publishing	-	-	-	-	-
Meetings & Conferences	19,934	-	-	-	19,934
Training Marketing/Promotions	- 5,142	-	-	-	- 5,142
Communications	130	-	-	-	184
Utilities	1,242	-	-	-	1,242
Rent Subtotal Non-CPA Expenditures	2,175 92,533	375	26,147	26,522	3,022 623,795
·					-
Total Expenditures	92,533	375	26,147	26,522	1,813,286
Excess of Revenues Over (Under) Expenditures	1,350	22,310	-	22,310	(81,724)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out) within Partnerships Transfers Out	-	-	-	-	50,000 (50,000)
Transfers In (Out) for	-	-	-	-	(50,000)
Program Contracted Services - In Program Contracted Services - Out	- (1,350)	(22,310)	-	(22,310)	105,384 (23,660)
•					
Other Financing Sources (Uses)	(1,350)	(22,310)		(22,310)	81,724
Net Increase (Decrease) in Fund Balances	\$ -	\$ -	\$ -	\$ -	-
Fund Balances, July 1					84,686
Fund Balances, June 30					\$ 84,686
					CONTINUED

CONTINUED

(CONTINUED)

				(CO	NTINUED)				
		Federal				Total			
State	GOC	GOCCP	Federal			Community	Returned		2008
СРА	Non-CPA	Youth	Drug Free	Federal		Partnerships	Reinvestment	2009	Summarized
Subtotal	Subtotal	Strategies	Community	MSDE	Other	Operating Funds	Fund	Total	Total
\$ 1,179,374 4,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,374 4,733	\$ -	\$ 1,179,374 4,733	\$ 1,165,465 106,755
1,184,107			-			1,184,107		1,184,107	1,272,220
-	-	68,844	-	-	-	68,844	-	68,844	93,308
-	-	-	93,883	- 206 272	-	93,883	-	93,883	51,319
-	5,600	-	-	296,372	-	296,372 5,600	-	296,372 5,600	296,372 20,779
-	-	-	-	-	48,832	48,832	-	48,832	52,420
-	-	-	-	-	8,736 -	8,736	-	8,736	23,985 500
					25,188	25,188		25,188	10,774
	5,600	68,844	93,883	296,372	82,756	547,455		547,455	549,457
1,184,107	5,600	68,844	93,883	296,372	82,756	1,731,562		1,731,562	1,821,677
807,778	-	-	-	-	-	807,778	-	807,778	726,810
221,061	-	-	-	-	-	221,061	-	221,061	252,024
79,614 2,686	-	-	-	-	-	79,614 2,686	-	79,614 2,686	97,132
19,498	-	-	-	-	-	19,498	-	19,498	21,829
500 4,200	-	-	-	-	-	500 4,200	-	500 4,200	500 4,163
4,200		-	-	-	-	4,200		4,200	3,393
1,838	-	-	-	-	-	1,838	-	1,838	2,296
6,975 246	-	-	-	-	-	6,975 246	-	6,975 246	10,282 1,533
380	-	-	-	-	-	380	-	380	376
152 5,097	-	-	-	-	-	152 5,097	-	152 5,097	215 6,695
592		-	-			592	-	592	724
5,146	-	-	-	-	-	5,146	-	5,146	6,652
500 9,326	-	-	-	-	-	500 9,326	-	500 9,326	- 7,755
1,073	-	-	-	-	-	1,073	-	1,073	1,310
1,654 19,185	-	-	-	-	-	1,654 19,185	-	1,654 19,185	1,324 19,905
1,990			-	-	-	1,990	-	1,990	1,053
1,189,491	-	-	-	-	-	1,189,491	-	1,189,491	1,165,971
-	5,600	68,844	-	296,372	126,522	497,338	-	497,338	540,874
-	-	-	29,855	-	23,017	52,872	-	52,872	10,774
-	-	-	12,438	-	-	12,438	-	12,438	-
-	-	-	361 3,944	-	903 7,702	1,264 11,646	-	1,264 11,646	- 750
-	-	-	-	-	150	150	-	150	-
-	-	-	- 16,806	-	1,251	1,251 16,806	130,234	1,251 147,040	- 27,541
-	-	-	506	-	-	506	-	506	109
-	-	-	-	-	-	-	-	-	435 100
-			19,934	-	-	19,934	-	19,934	16,215
-	-	-	-	-	-	-	-	-	1,575
-	-	-	5,142 130	-	54	5,142 184	-	5,142 184	775 10
-	-	-	1,242	-	-	1,242	-	1,242	1,069
	5,600	68,844	2,175 92,533	296,372	847 160,446	3,022 623,795	130,234	3,022 754,029	2,190 602,417
1,189,491	5,600	68,844	92,533	296,372	160,446	1,813,286	130,234	1,943,520	1,768,388
(5,384)	-	-	1,350	-	(77,690)	(81,724)	(130,234)	(211,958)	53,289
50,000	-	-	-	-	-	50,000	-	50,000	50,000
(50,000)	-	-	-	-	-	(50,000)	-	(50,000)	(50,000)
105,384			(1,350)		(22,310)	105,384 (23,660)	-	105,384 (23,660)	103,921 (26,976)
105,384			(1,350)		(22,310)	81,724		81,724	76,945
100,000	-	-	-	-	(100,000)	-	(130,234)	(130,234)	130,234
209,408	(6,428)		(1,025)		(117,269)	84,686	135,584	220,270	90,036
\$ 309,408	\$ (6,428)	\$ -	\$ (1,025)	\$ -	\$ (217,269)	\$ 84,686	\$ 5,350	\$ 90,036	\$ 220,270

QUEEN ANNE'S COUNTY COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2009

	CO	MMUNITY PARTNE	RSHIPS FOR CHIL	.DREN		RETURNED REI	NVESTMENT FUN	iD
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	Budget	Budget	Actual	(Negative)	Budget	Budget	Actual	(Negative)
REVENUES								
Intergovernmental								
GOC - CPA and Non-CPA	\$ 1,318,874	\$ 1,318,874	\$ 1,189,707	\$ (129,167)	\$ 147,000	\$ -	\$ -	\$.
Federal GOCCP Youth Strategies	103,990	103,990	68,844	(35,146)	-	-	-	
Federal SAMHSA Drug-Free Communities	99,948	129,007	93,883	(35,124)	-	-	-	
Federal MSDE Healthy Families	296,372	296,372	296,372		_	_	_	
Other	26,226	26,226	48,832	22,606				
Investment Income		-	8,736	8,736	_	_	_	
Miscellaneous	17,941	17,941	25,188	7,247	-	_	-	
Total Revenues	1,863,351	1,892,410	1,731,562	(160,848)	147,000			
Total Revenues	1,003,331	1,092,410	1,731,302	(100,848)	147,000			
EXPENDITURES								
Program Contracted Services	1,459,348	1,451,811	1,305,116	146,695	25,000	-	-	-
Other Expenditures								
Salaries	284,745	312,096	273,933	38,163	-	-	-	
Fringe Benefit Costs	119,364	128,609	92,052	36,557	-	-	-	
Auditing	3,302	3,302	3,950	(648)	-	-	-	
Consultants	30,400	32,060	31,144	916	-	-	-	
Professional Groups	500	500	650	(150)	-	-	-	
Equipment Rental	3,500	3,500	5,451	(1,951)	_	-	_	
Monitoring Costs	5,500	5,500	-,	5,500	_	_	_	
Other Contracted Services	-	-	16,806	(16,806)	122,000	130,234	130,234	
Postage	3,100	3,100	2,344	756	122,000	100,204	100,204	
Office Supplies	10,025	10,025	6,975	3,050	_	_	_	
Printing and Publishing	7,660	4,160	246	3,914	•	-	•	
					•	-	•	
Equipment Operation	800	800	380	420	-	-	-	
Business Travel	1,000	1,000	152	848	-	-	-	
Meetings & Conferences	31,608	32,793	25,031	7,762	-	-	-	
Training	1,950	1,950	592	1,358	-	-	-	
Board's Expenditures	6,000	6,000	5,146	854	-	-	-	
Advertising	-	-	500	(500)	-	-	-	
Marketing/Promotions	5,489	5,489	14,468	(8,979)	-	-	-	
Communications	1,327	1,327	1,257	70	-	-	-	
Utilities	2,818	2,818	2,896	(78)	-	-	-	
Rent	23,375	24,030	22,207	1,823	-	-	-	
Other Charges	-	-	1,990	(1,990)	-	-	-	
Capital Outlay CPA	2,000	2,000	-	2,000	-	-	-	
Total Francisco	0.000.044	0.000.070	4.040.000	040.504	4.47.000	400.004	400.004	
Total Expenditures	2,003,811	2,032,870	1,813,286	219,584	147,000	130,234	130,234	
Excess of Revenues Over (Under)								
Expenditures	(140,460)	(140,460)	(81,724)	58,736	-	(130,234)	(130,234)	
OTHER FINANCING SOURCES (USES)								
Transfers In (Out) within Partnerships	50,000	50,000	50,000	-	_	_	_	
Transfers Out	(50,000)	(50,000)	(50,000)	_	_	_	_	
Transfers In (Out) for:	(00,000)	(00,000)	(00,000)					
Program Contracted Services - In	168,486	168,486	105,384	(63,102)	_	_	_	
Program Contracted Services - Out	(28,026)	(28,026)	(23,660)	4,366				
Flogram Contracted Services - Out	(20,020)	(20,020)	(23,000)	4,300				
Other Financing Sources (Uses)	140,460	140,460	81,724	(58,736)	-	-	-	
Net Increase (Decrease) in								
	\$ -	\$ -	-	\$ -	\$ -	\$ (130,234)	(130,234)	\$
Fund Balances/Net Assets					=		,,,	
Fund Balances/Net Assets								
Fund Balances, July 1			84,686				135,584	
			\$4,686 \$84,686				135,584 \$ 5,350	

QUEEN ANNE'S COUNTY COMMUNITY PARTNERSHIPS FOR CHILDREN SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

	TO	TAL	
			Variance with
			Final Budget
Original	Final		Positive
Budget	Budget	Actual	(Negative)
\$ 1,465,874	\$ 1,318,874	\$ 1,189,707	\$ (129,167)
103,990	103,990	68,844	(35,146)
99,948	129,007	93,883	(35,124)
296,372	296,372	296,372	-
26,226	26,226	48,832	22,606
- 17,941	- 17,941	8,736 25,188	8,736 7,247
2,010,351	1,892,410	1,731,562	(160,848)
1,484,348	1,451,811	1,305,116	146,695
284,745	312,096	273,933	38,163
119,364	128,609	92,052	36,557
3,302	3,302	3,950	(648)
30,400	32,060	31,144	916
500	500	650	(150)
3,500	3,500	5,451	(1,951)
5,500	5,500	- 447.040	5,500
122,000	130,234	147,040	(16,806)
3,100	3,100	2,344	756 3,050
10,025 7,660	10,025 4,160	6,975 246	3,914
800	800	380	420
1,000	1,000	152	848
31,608	32,793	25,031	7,762
1,950	1,950	592	1,358
6,000	6,000	5,146	854
-	-	500	(500)
5,489	5,489	14,468	(8,979)
1,327	1,327	1,257	70
2,818	2,818	2,896	(78)
23,375	24,030	22,207	1,823
-	-	1,990	(1,990)
2,000	2,000		2,000
2,150,811	2,163,104	1,943,520	219,584
(140,460)	(270,694)	(211,958)	58,736
50,000	50,000	50,000	-
(50,000)	(50,000)	(50,000)	-
168,486 (28,026)	168,486 (28,026)	105,384 (23,660)	(63,102) 4,366
140,460	140,460	81,724	(58,736)
\$ -	\$ (130,234)	(130,234)	\$ -
		220,270	
		\$ 90,036	





2009

Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009

Statistical Section

STATISTICAL SECTION The Statistical Section, which fully incorporates information mandated by Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section, presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section says about the County's overall financial health: FINANCIAL TRENDS – Information to help the reader understand how the County's financial performance and well-being have changed over time. **REVENUE CAPACITY** – Information to help the reader assess the County's most significant local revenue sources – the property tax and income tax. **DEBT CAPACITY** – Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. **DEMOGRAPHIC AND ECONOMIC INFORMATION** – Indicators to help the reader understand the environment within which the County's financial activities take place. **OPERATING INFORMATION** – Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. Many of these tables cover more than two fiscal years and present data from outside the accounting records. Therefore, the Statistical Section is unaudited.



QUEEN ANNE'S COUNTY, MARYLAND
FINANCIAL TRENDS
NET ASSETS BY COMPONENT - GOVERNMENT-WIDE
(GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST SEVEN FISCAL YEARS
Table 1

	 2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 111,710,606	\$ 82,209,646	\$ 85,784,267	\$ 95,644,000	\$ 103,657,227	\$ 117,831,360	\$ 123,217,989
Restricted	22,167,033	8,118,231	8,418,254	9,842,795	18,012,695	15,376,330	16,582,660
Unrestricted (deficit) (1)	(29.783.476)	(14.178.514)	(6.161.281)	7.339.567	(3.740.905)	(15.075.202)	(26.672.299)
Total Governmental Activities Net Assets	104,094,163	76,149,363	88,041,240	112,826,362	117,929,017	118,132,488	113,128,350
Business-type Activities:							
Invested in capital assets, net of related debt	50.984.848	52.094.337	55.612.719	69.672.273	74.463.912	77.237.512	77.146.688
Restricted	6.482.894	7.857.202	7.742.890	11.733.254	19,133,485	18.276.271	19,886,675
Total Business-type Activities Net Assets	57,467,742	59,951,539	63,355,609	81,405,527	93,597,397	95,513,783	97,033,363
Primary Government:							
Invested in capital assets, net of related debt	162.695.454	134.303.983	141,396,986	165.316.273	178.121.139	195.068.872	200,364,677
Restricted	28.649.927	15.975.433	16.161.144	21,576,049	37.146.180	33.652.601	36,469,335
Unrestricted (deficit) (1)	(29,783,476)	(14,178,514)	(6,161,281)	7,339,567	(3.740.905)	(15,075,202)	(26,672,299)
Total Primary Government Net Assets	\$ 161,561,905	\$ 136,100,902	\$ 151,396,849	\$ 194,231,889	\$ 211,526,414	\$ 213,646,271	\$ 210,161,713

NOTES:

- Government-wide net asset information is reported on the accrual basis of accounting.
 Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.
 Information prior to FY03 is not available, due to the FY03 implementation of GASB34.
 Source: Statement of Net Assets, pages 34-35.

(1) In the government-wide financial statements, the County has reported negative unrestricted net assets for some years. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of the Queen Anne's County Board of Education. Absent the effect of this relationship, the County would have reported positive net assets for its governmental activities and for government-wide purposes. Government-wide unrestricted net assets would have been:

Unrestricted (deficit) net assets reported above	\$ (29,783,476)	\$ (14,178,514)	\$ (6,161,281)	\$ 7,339,567	\$ (3,740,905)	\$ (15,075,202)	\$ (26,672,299)
Debt issued for capital on behalf of others	41,941,175	51,839,220	47,345,646	44,460,306	57,496,385	53,758,049	50,291,243
County net assets absent effect of this relationship	\$ 12,157,699	\$ 37,660,706	\$ 41,184,365	\$ 51,799,873	\$ 53,755,480	\$ 38,682,847	\$ 23,618,944

QUEEN ANNE'S COUNTY, MARYLAND FINANCIAL TRENDS CHANGES IN NET ASSETS - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES) LAST SEVEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
General Government	\$ 7,537,390	\$ 8,902,751	\$ 8,774,831	\$ 9,071,760	\$ 9,854,468	\$ 11,167,743	\$ 13,317,68
Public Safety	10,161,429	13,064,686	14,255,183	17,534,652	19,149,388	20,721,185	23,570,04
Public Works	7,594,914	7,512,277	8,303,570	8,898,010	9,913,917	10,420,547	10,237,71
Health	952,194	1,123,795	1,284,216	1,377,717	1,450,866	1,441,143	1,590,00
Social Services	4,003,914	4,084,308	4,786,130	4,420,205	4,474,784	4,978,883	5,617,62
Education	43,050,433	46,142,006	40,377,624	42,303,087	56,118,585	58,034,317	53,296,23
Parks & Recreation	2,068,102	3,810,546	2,385,014	2,562,890	3,158,455	3,330,087	5,060,01
Library	975,549	1,020,653	1,073,222	1,168,232	1,266,183	1,270,718	1,414,00
Conservation of Natural Resources	892,015	537,207	591,986	478,426	497,926	2,172,443	2,473,30
Economic/Community Development	1,775,216	1,634,749	1,546,516	1,575,099	3,258,876	3,527,908	2,197,11
Interest and Fiscal Charges	2,649,524	2,981,403	2,288,442	2,508,070	2,864,493	3,033,416	2,831,00
Total Governmental Activities Expenses	81,660,680	90,814,381	85,666,734	91,898,148	112,007,941	120,098,390	121,604,76
Business-type Activities:							
Water and Sewer	6,603,225	6,975,749	6,974,968	7,127,140	7,802,798	9,621,784	10,689,78
Parks & Recreation	1,929,891	2,007,419	2,524,904	2,509,783	3,273,986	2,179,157	2,178,16
Public Marinas	-	-	-	-	57,372	27,344	38,05
Airport	492,856	522,863	529,755	713,896	674,337	812,067	879,90
Total Business-type Activities Expenses	9,025,972	9,506,031	10,029,627	10,350,819	11,808,493	12,640,352	13,785,90
Total Primary Government Expenses	90,686,652	100,320,412	95,696,361	102,248,967	123,816,434	132,738,742	135,390,66
Program Revenues							
Governmental Activities:							
General Government							
Charges for Services	688,216	1,007,791	1,124,756	1,139,531	1,127,737	1,047,371	1,055,94
Operating Grants and Contributions	146,501	185,597	312,136	454,948	377,412	295,898	403,01
Capital Grants and Contributions	62,382	61,448	22,747	60,000	5,000	757,975	5,56
Total Revenue	897,099	1,254,836	1,459,639	1,654,479	1,510,149	2,101,244	1,464,53
Public Safety							
Charges for Services	720,580	1,197,844	968,857	1,595,738	1,642,258	3,167,090	1,394,46
Operating Grants and Contributions	1,265,912	887,519	1,443,474	1,743,073	1,255,307	1,254,611	1,266,86
Capital Grants and Contributions		493,132	271,867	456,993	272,497	1,171	273,17
Total Revenue	1,986,492	2,578,495	2,684,198	3,795,804	3,170,062	4,422,872	2,934,50
Public Works							
Charges for Services	692,471	782,252	1,666,335	1,189,117	871,962	1,014,600	714,76
Operating Grants and Contributions	4,259,700	3,624,359	4,130,984	3,710,398	5,572,760	6,304,965	7,566,64
Capital Grants and Contributions	230,243	168,092	461,499	57,000	1,838,101	544,610	298,50
Total Revenue	5,182,414	4,574,703	6,258,818	4,956,515	8,282,823	7,864,175	8,579,91
Health	5.044			450.000			
Operating Grants and Contributions Social Services	5,241	-	-	150,966	-	-	-
Charges for Services	265,809	188,032	162,958	58,467	73,497	64,041	68,38
Operating Grants and Contributions	2,881,622	2,769,345	3,035,511	2,550,840	2,589,967	2,911,796	2,928,29
Capital Grants and Contributions	459,411	829,082	24,388	2,330,040	172,732	613,804	348,12
Total Revenue	3,606,842	3,786,459	3,222,857	2,609,307	2,836,196	3,589,641	3,344,80
Education	3,000,042	3,700,439	3,222,037	2,009,307	2,030,190	3,303,041	
Charges for Services	703,191	1,277,905	917,387	1,696,657	963,216	1,011,013	740,21
Operating Grants and Contributions	700,131	1,277,500	317,507	18,000	303,210	1,011,010	8,05
Capital Grants and Contributions		_		10,000			161,67
Total Revenue	703,191	1,277,905	917,387	1,714,657	963,216	1,011,013	909,93
Parks & Recreation		1,211,503	917,307	1,714,037	303,210	1,011,013	
Charges for Services	20,494	14,532	21,724	68,051	158,447	302,195	240,95
Operating Grants and Contributions	8,893	4,619	21,724	42,690	58,485	72,659	50
Capital Grants and Contributions	585,164	3,103,241	297,537	5,998,982	4,363,393	5,666,226	1,087,32
Total Revenue	614,551	3,122,392	319,261	6,109,723	4,580,325	6,041,080	1,328,79
Conservation of Natural Resources	014,001	J, 122,002	515,201	0,100,120	+,000,020		1,020,78
Charges for Services	89,691	109,527	150,052	119,580	100,488	88,534	97,48
Operating Grants and Contributions	250,078	324,573	371,960	680,396	597,613	322,718	55,84
Capital Grants and Contributions	230,076	5,211	28,535	-	-	322,710	691,08
Total Revenue	339,769	439,311	550,547	799,976	698,101	411.252	844,41
Economic/Community Development		.00,011	330,347	. 55,510		711,202	
Charges for Services	24,261	17,615	23,728	11,086	4,083	5,249	4,78
Operating Grants and Contributions	658,808	465,989	247,404	121,497	120,254	163,245	641,30
Capital Grants and Contributions	5,000	.00,505	247,404		120,204	103,243	-
Total Revenue	688,069	483,604	271,132	132,583	124,337	168,494	646,09
10101110101100	000,000	.00,004	-1,102	102,000	124,007	100,737	040,03

CONTINUED

Table 2-a

	2003	2004	2005	2006	2007	2008	2009
Business-type Activities:							
Water and Sewer							
Charges for Services	\$ 6,738,431	\$ 7,206,833	\$ 6,704,817	\$ 8,057,402	\$ 12,169,440	\$ 8,014,366	\$ 7,695,100
Operating Grants and Contributions	-	-	541,052	-	-	-	-
Capital Grants and Contributions	2,506,457	868,581	994,303	12,576,490	5,015,603	2,584,371	682,935
Total Revenue	9,244,888	8,075,414	8,240,172	20,633,892	17,185,043	10,598,737	8,378,035
Parks & Recreation							
Charges for Services	883,297	1,051,908	1,099,161	1,576,001	1,581,030	1,459,725	1,526,244
Operating Grants and Contributions	-	-	330,204	387,270	1,279,648	55,953	45,824
Capital Grants and Contributions	658,120	145,975	4,000	469,624	144,844	95,890	69,068
Total Revenue	1,541,417	1,197,883	1,433,365	2,432,895	3,005,522	1,611,568	1,641,136
Public Marinas							
Charges for Services	-	-	-	-	108,100	105,900	100,250
Operating Grants and Contributions					92,348	3,710	
Total Revenue					200,448	109,610	100,250
Airport							
Charges for Services	179,029	149,601	182,092	23,661	32,683	46,960	34,907
Operating Grants and Contributions	-	-	-	4,448	1,112	-	-
Capital Grants and Contributions	41,190	23,636	69,595	6,368,327	667,166	382,945	289,112
Total Revenue	220,219	173,237	251,687	6,396,436	700,961	429,905	324,019
Total Business-type Activities Program Revenues	11,006,524	9,446,534	9,925,224	29,463,223	21,091,974	12,749,820	10,443,440
Total Primary Government Program Revenues	25,030,192	26,964,239	25,609,063	51,387,233	43,257,183	38,359,591	30,496,424
t (Expense) Revenue (1)							
Governmental activities	(67,637,012)	(73,296,676)	(69,982,895)	(69,974,138)	(89,842,732)	(94,488,619)	(101,551,781
Business-type activities	1,980,552	(59,497)	(104,403)	19,112,404	9,283,481	109,468	(3,342,461
Total Primary Government Net Expense	\$(65,656,460)	\$(73,356,173)	\$ (70,087,298)	\$ (50,861,734)	\$ (80,559,251)	\$ (94,379,151)	\$(104,894,242
eneral Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes (2)	\$ 66,274,065	\$ 75,137,137	\$ 80,932,258	\$ 87,157,631	\$ 90,910,849	\$ 91,853,216	\$ 95,530,316
Grants and Contributions Not Restricted to Specific Programs	-	-	88,750	-	-	-	-
Investment income	274,585	285,279	682,682	1,738,114	3,162,830	2,128,509	642,472
Gain (Loss) on Sale of Capital Assets	58,529	(452,997)	-	2,983,087	13,605	=	1,540,404
Miscellaneous	608,688	724,069	1,063,336	997,032	1,928,398	721,946	2,182,525
Transfers In (Out)	(554,940)	(154,916)	(3,055,362)	2,396,851	(1,070,297)	(11,581)	(3,348,074
Special Items - Gain	832,718	215,000	-	-	-	-	-
Extraordinary Loss	(24,430)	-	-	(477,707)	=	=	=
Total Governmental Activities	67,469,215	75,753,572	79,711,664	94,795,008	94,945,385	94,692,090	96,547,643
Business-type Activities:							
Investment income	756,118	635,674	634,413	771,883	956,687	875,509	595,279
Gain (Loss) on Sale of Capital Assets	(39,866)	-	-	-	4,691	-	-
Miscellaneous	333,402	915,879	772,083	562,482	876,714	919,828	918,688
Transfers In (Out)	554,940	154,916	3,055,362	(2,396,851)	1,070,297	11,581	3,348,074
Special items - (Loss)	-	-	(953,385)	-	-	-	-
Extraordinary Gain	-	951,460	-	-	-	-	_
•	1,604,594	2,657,929	3,508,473	(1,062,486)	2,908,389	1,806,918	4,862,041
Iotal Business-type Activities		78,411,501	83,220,137	93,732,522	97,853,774	96,499,008	101,409,68
Total Business-type Activities Total Primary Government	69.073.809						,
Total Primary Government	69,073,809	76,411,501	00,220,101			·	
Total Primary Government ange in Net Assets					5 102 653	203 471	(5.004.13)
	(167,797) 3,585,146	2,456,896 2,598,432	9,728,769	24,820,870 18,049,918	5,102,653 12,191,870	203,471	(5,004,138 1,519,580

^{*} Government-wide net asset information is reported on the accrual basis of accounting.

^{*} Information prior to FY03 is not available, due to the FY03 implementation of GASB34.

^{*} Source: Statement of Activities, pages 36-37.

⁽¹⁾ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

⁽²⁾ See Table 2-b for detail of General Tax Revenues.

QUEEN ANNE'S COUNTY, MARYLAND FINANCIAL TRENDS GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES LAST SEVEN FISCAL YEARS Table 2-b

	 2003	 2004	 2005	 2006	 2007	 2008	 2009
Local Property Taxes	\$ 36,257,473	\$ 39,784,933	\$ 42,121,614	\$ 44,688,709	\$ 46,185,050	\$ 50,021,587	\$ 55,362,114
Local Income Tax	23,471,091	27,738,830	29,957,555	31,959,096	35,346,494	35,700,111	34,834,937
Other Local Taxes	 6,545,501	 7,613,374	 8,853,089	 10,509,826	 9,379,305	 6,131,518	 5,333,265
Total Taxes - Governmental Activities	\$ 66,274,065	\$ 75,137,137	\$ 80,932,258	\$ 87,157,631	\$ 90,910,849	\$ 91,853,216	\$ 95,530,316

^{*} Government-wide general tax revenue information is reported on the accrual basis of accounting.
* Information prior to FY03 is not available, due to the FY03 implementation of GASB34.
* Source: Statement of Activities, pages 36-37.

QUEEN ANNE'S COUNTY, MARYLAND FINANCIAL TRENDS **FUND BALANCES - GOVERNMENTAL FUNDS** LAST TEN FISCAL YEARS

Та	hl	ما	3

	 2000	 2001	 2002	 2003	 2004
General Fund:					
Reserved	\$ 6,333,566	\$ 326,382	\$ 93,099	\$ 5,578,543	\$ 5,766,939
Unreserved	733,374	 6,486,698	 7,426,819	3,269,461	 5,669,161
Total General Fund	 7,066,940	 6,813,080	 7,519,918	 8,848,004	 11,436,100
All Other Governmental Funds:					
Reserved	14,885,770	16,870,563	9,032,415	9,570,304	12,329,623
Unreserved (deficit), reported in:					
Capital Projects Fund	(7,305,034)	10,340,077	12,097,123	6,465,484	11,835,783
Special Revenue Funds	1,938,263	 3,046,815	 3,127,711	2,972,713	 2,698,617
Total All Other Governmental Funds	 9,518,999	 30,257,455	 24,257,249	 19,008,501	 26,864,023
Total All Governmental Funds	\$ 16,585,939	\$ 37,070,535	\$ 31,777,167	\$ 27,856,505	\$ 38,300,123
	 2005	 2006	2007	2008	 2009
General Fund:					
Reserved	\$ 5,705,316	\$ 6,169,255	\$ 7,140,303	\$ 8,948,231	\$ 8,643,600
Unreserved	4,104,926	14,944,399	15,302,827	3,972,847	6,381,843
Total General Fund	9,810,242	21,113,654	22,443,130	 12,921,078	15,025,443
All Other Governmental Funds:					
Reserved	15,075,521	13,751,478	20,060,988	16,706,954	17,007,368
Unreserved (deficit), reported in:					
Capital Projects Funds	11,706,521	13,579,649	17,618,012	14,409,216	1,723,066
Special Revenue Funds	 3,156,479	 2,810,027	 3,019,522	 2,185,304	 2,751,120
	00 000 504	30,141,154	40,698,522	22 204 474	
Total All Other Governmental Funds	 29,938,521	 30,141,134	 40,090,322	 33,301,474	 21,481,554

^{*} Fund balance information for governmental funds is reported on the modified accrual basis of accounting. * Source: Balance Sheet, pages 38-39.

	2000	2001	2002	2003	2004
Revenues					
Taxes					
Local Property Taxes	\$ 26,879,315	\$ 31,470,442	\$ 33,760,455	\$ 36,238,606	\$ 39,771,711
Local Income Taxes	19,373,084	21,498,495	23,217,162	23,517,175	26,765,483
Other Local Taxes	3,000,709	2,961,474	3,987,371	6,545,501	7,613,374
State Shared Taxes	1,503,702	1,890,539	1,941,971	4,424,763	3,660,145
Licenses and Permits	1,451,200	1,657,245	2,152,720	1,410,491	647,633
Intergovernmental	7,805,350	8,588,986	10,471,381	6,351,125	9,261,854
Charges for Current Services	1,121,836	1,279,623	1,460,330	1,248,229	3,464,771
Fines and Forfeitures	20,285	17,299	15,861	29,443	38,798
Special Assessments	60,441	51,174	46,419	43,067	(7,528
Investment Income	1,248,707	2,169,485	1,042,194	465,164	410,845
Donations		-	-	81,350	93,178
Miscellaneous (1)	770,705	823,059	1,020,802	853,309	954,621
Total Revenues	63,235,334	72,407,821	79,116,666	81,208,223	92,674,885
Expenditures					
Current					
General Government (2)	4,777,730	5,493,808	6,139,990	7,729,416	8,851,440
Public Safety	7,169,209	8,190,088	8,726,365	9,829,451	11,970,575
Public Works	5,577,264	5,793,807	6,126,407	6,790,032	7,872,914
Health	879,277	931,775	1,208,954	807,489	1,101,713
Social Services	1,873,674	2,399,938	3,105,830	4,303,930	4,922,755
Education (3)	32,358,138	37,222,432	39,713,371	43,050,433	46,689,001
Parks and Recreation	1,448,363	1,605,717	1,727,072	2,616,946	6,266,051
Library (4)	852,183	904,151	935,439	951,939	997,043
Conservation of Natural Resources	275,513	459,420	880,299	880,058	565,218
Economic/Community Development	1,183,240	1,246,768	1,267,138	1,848,707	1,809,329
Miscellaneous	-	-	-	-	-
Capital Outlay	9,854,345	9,629,250	8,001,582	1,488,726	1,173,687
Debt Service					
Principal	1,498,016	6,666,033	2,920,206	2,690,928	4,029,332
Debt Issuance Costs	-	-	-	-	-
Interest and Fiscal Charges	1,786,854	2,313,472	2,698,380	2,695,664	2,780,312
Total Expenditures	69,533,806	82,856,659	83,451,033	85,683,719	99,029,370
Excess (Deficiency) of Revenues over (under) Expenditures	(6,298,472)	(10,448,838)	(4,334,367)	(4,475,496)	(6,354,485)
Other Financing Sources (Uses)					
Issuance of Debt	400,000	31,175,000	6,310,000	-	16,602,500
Re-allocation of 2006 Bonds	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Proceeds of Capital Asset Disposals	-	-	-	98,000	135,520
Insurance Proceeds	-	-	-	-	-
Capital Contributions - Developer	-	-	-	-	-
Transfers In (5)	4,867,940	5,616,405	6,137,635	3,806,476	9,647,582
Transfers (Out) (6)	(5,184,688)	(6,067,751)	(7,115,841)	(4,361,416)	(9,802,498
Defeasance of debt			(6,290,795)		
Total Other Financing Sources (Uses)	83,252	30,723,654	(959,001)	(456,940)	16,583,104
Special and Extraordinary Items					
Special Items	-	-	-	885,140	215,000
Extraordinary Gains (Losses)				(24,430)	
Total Special Items and Extraordinary Gains (Losses)				860,710	215,000
Net Increase (Decrease) in Fund Balances	\$ (6,215,220)	\$ 20,274,816	\$ (5,293,368)	\$ (4,071,726)	\$ 10,443,619

^{*} Governmental fund information is reported on the modified accrual basis of accounting.

^{*} Source: Statement of Revenues, Expenditures and Changes in Fund Balances, pages 42-43,

^{*}Source: Statement of Revenues, Expenditures and Changes in Fund Balances, pages 42-43,
and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, pages 44-45.

(1) For FY02 and prior, "Miscellaneous Revenue" includes amounts previously classified as "Operating Transfers in" from Component Units.

(2) For all fiscal years, "General Government" includes amounts previously classified as "Miscellaneous," "Intergovernmental" and/or "Contingency."

(3) For FY02 and prior, "Education Expenditures" includes amounts previously classified as "Operating Transfers out" to Component Unit (Board of Education).

(4) For FY02 and prior, "Transfers in exclude amounts previously classified as "Operating Transfers out" to Component Unit (Library).

(5) For FY02 and prior, "Transfers in exclude amounts previously classified as "Operating Transfers out" to Component Units.

(6) For FY02 and prior, "Transfers Out" exclude amounts previously classified as "Operating Transfers out" to Component Units.

(7) Debt service represents debt service principal and interest expenditures and excludes amortization of debt issuance costs as presented above.

(8) Noncapital expenditures represents Total Expenditures and excludes amortization of debt issuance costs as presented above.

(8) Noncapital expenditures represents Total Expenditures and excludes amortization of debt issuance costs and governmental capital outlay that resulted in capital assets - see specific line items as part of the reconciliation on page 44.

2005	2006	2007	2008	2009
\$ 42,191,297	\$ 44,657,603	\$ 46,208,342	\$ 50,007,054	\$ 55,374,053
28,237,534	31,633,987	34,980,663	34,767,725	35,988,334
8,853,089	10,509,826	9,379,305	6,131,518	5,333,265
4,528,046	4,233,139	5,125,419	5,306,763	7,591,829
829,784	824,917	895,931	890,821	874,639
6,049,496	11,476,325	10,661,130	12,199,511	8,049,695
3,394,626	4,864,374	3,806,563	4,049,902	3,326,696
48,654	77,008	239,194	1,759,370	115,658
-	4 720 420	- 2.462.020	- 2 420 500	- 640 470
907,275	1,738,139	3,162,830	2,128,509	642,472
104,093	98,610	74,694	247,002	76,867
1,567,883 96,711,777	1,346,669	1,853,706	719,067	2,182,525
30,711,777	111,400,007	110,007,777	110,207,242	110,000,000
0 022 005	0.516.200	9 772 220	10 129 600	10 941 470
8,933,985	9,516,299	8,772,229	10,128,699	10,841,479
13,199,057	16,356,949	17,918,740	19,292,661	20,483,238
9,055,472	9,168,186	9,167,362	9,182,618	8,678,71 1,572,84
1,261,488 4,367,736	1,355,057 4,294,781	1,428,395	1,430,670 4,747,491	
40,421,109	42,346,958	4,260,927		5,029,493 53,348,513
2,481,296	9,096,593	56,163,966 2.809.748	58,086,283 3,083,038	
1.049.612	1,144,622	,,		3,145,36 1,390,39
578,426	508.606	1,242,573	1,247,108	
	,	483,810	2,177,820	2,445,35 1,968,58
1,552,689	1,558,978	3,188,316	3,513,153	706,79
1,280,650	1,049,361	915,542 14,291,416	731,771 13,676,569	8,594,97
5,928,559	3,677,307	3,795,769	4,888,405	5,089,347
-	-	236,899	3,972	(42:
2,555,411	2,569,650	2,257,928	3,147,529	2,778,49
92,665,490	102,643,347	126,933,620	135,337,787	126,073,168
4,046,287	8,817,250	(10,545,843)	(17,130,545)	(6,517,13
30,026,336		23,219,790	510,617	122,78
50,020,550		23,219,790	(345,955)	122,70
1,069,864		236,899	3,972	(42:
(159,647)	_	200,000	5,572	(42
154,787	1,176,860	88,535	45,494	64,08
-	-	-	8.898	44,90
88,750	-	_	-	
10,661,440	8,578,135	13,131,736	17,014,307	5,449,49
(13,716,802)	(6,181,284)	(14,202,033)	(17,025,888)	(8,879,27
(30,722,375)				
(2,597,647)	3,573,711	22,474,927	211,445	(3,198,42
_	-	-	-	-
	(477,707)	(42,242)		
	(477,707)	(42,242)		
\$ 1,448,640	\$ 11,913,254	\$ 11,886,842	\$ (16,919,100)	\$ (9,715,555



QUEEN ANNE'S COUNTY, MARYLAND ASSESSED VALUE OF TAXABLE AND EXEMPT PROPERTY LAST TEN FISCAL YEARS Table 5

		Real Prope	ertv (1) (3)			Per	sonal Property	Total				Total
Fiscal	Commercial	Residential (2)	Total		Total Direct	F	Public Utility Assessed	Taxable Assessed		Exempt		Taxable and Exempt
Year	Assessed Value	lue Assessed Value Assessed Value		Tax Rate (4)			/alue (3) (5)	Value	Property		Property	
2000	\$ 634,731,500	\$ 2,269,951,675	\$ 2,904,683,175	\$	0.876	\$	67,954,700	\$ 2,972,637,875	\$	266,713,700	\$	3,239,351,575
2001	662,743,925	2,401,723,715	3,064,467,640		0.976		69,582,528	3,134,050,168		277,039,075		3,411,089,243
2002	692,030,001	2,607,616,738	3,299,646,739		0.976		70,150,240	3,369,796,979		274,858,885		3,644,655,864
2003	728,512,663	2,858,309,623	3,586,822,286		0.976		64,201,229	3,651,023,515		276,953,744		3,927,977,259
2004	771,054,050	3,208,049,692	3,979,103,742		0.976		59,945,270	4,039,049,012		297,843,389		4,336,892,401
2005	849,272,884	3,690,010,496	4,539,283,380		0.926		57,382,490	4,596,665,870		330,840,259		4,927,506,129
2006	950,694,704	4,051,000,772	5,001,695,476		0.870		59,360,390	5,061,055,866		369,542,935		5,430,598,801
2007	1,104,093,458	4,526,502,291	5,630,595,749		0.800		63,168,480	5,693,764,229		419,303,486		6,113,067,715
2008	1,291,356,759	5,045,464,776	6,336,821,535		0.770		61,729,010	6,398,550,545		474,798,401		6,873,348,946
2009	1,503,024,419	5,518,534,961	7,021,559,380		0.770		61,513,370	7,083,072,750		547,163,868		7,630,236,618

NOTES:

- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Fiscal years 2000 and 2001 have been restated to full cash value for comparison purposes.
- (2) Residential real property includes single-family homes, townhouses, condominiums, and apartment dwellings. The assessed value shown above has been reduced for the Homestead Credit assessment.
- (3) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value.
- (4) See Table 6-a for real property direct tax rates. Tax Rates are applied per \$100 of assessed value.
- (5) The personal property tax rate for Queen Anne's County is zero.

Source: State of Maryland, Department of Assessments and Taxation.

^{*} Tax exempt property is included for purposes of calculating total assessed value, which is used on Table 12.

QUEEN ANNE'S COUNTY, MARYLAND REAL PROPERTY TAX RATES - COUNTY DIRECT RATE LAST TEN FISCAL YEARS Table 6-a

Fiscal Year	County Direct Rate (1, 2)
2000	\$ 0.876
2001	0.976
2002	0.976
2003	0.976
2004	0.976
2005	0.926
2006	0.870
2007	0.800
2008	0.770
2009	0.770

- * No discounts are allowed.
- * Taxes are levied as of July 1, are due by September 30, and become delinquent October 1.
- * Owner occupied properties may elect to pay on an annual basis. If no election is made, taxes are paid on a semi-annual basis with payment due by September 30 and December 31.
- * Non-owner occupied properties must pay on an annual basis.
- * Interest at one percent per month is assessed on delinquent tax bills.
- * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- * Delinquent taxes on real property are collected by sale.
- * Costs of tax sale, which vary, are added to the redemption.
- * Tax sale date: Third Tuesday in May.
- * The personal property tax rate for Queen Anne's County is zero.
- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 2000 and 2001 have been restated to full cash value for comparison purposes.
- (2) Tax Rates are applied per \$100 of assessed value.

QUEEN ANNE'S COUNTY, MARYLAND REAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS LAST TEN FISCAL YEARS Table 6-b

Fiscal Year	Kent Narrows Commercial Management and Waterfront Improvement District (1)					
2000	\$ 0	.060				
2001	0	.060				
2002	0	.060				
2003	0	.060				
2004	0	.060				
2005	0	.060				
2006	0	.060				
2007	0	.060				
2008	0	.060				
2009	0	.060				

- * Tax rates are per \$100 of assessed value.
- * The personal property tax rate for Queen Anne's County is zero.
- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 2000 and 2001 have been restated to full cash value for comparison purposes.

QUEEN ANNE'S COUNTY, MARYLAND REAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - TOWNS (1) LAST TEN FISCAL YEARS Table 6-c

Fiscal Year		Town of Centreville		own of arclay	 Town of Church Hill		Town of Millington		Town of Queen Anne	
2000	\$	0.380	\$	0.100	\$ 0.340	\$	0.280	\$	0.180	
2001		0.380		0.100	0.340		0.280		0.180	
2002		0.480		0.100	0.340		0.280		0.210	
2003		0.480		0.100	0.340		0.280		0.180	
2004		0.480		0.100	0.340		0.280		0.180	
2005		0.480		0.100	0.340		0.280		0.180	
2006		0.480		0.100	0.340		0.280		0.180	
2007		0.470		0.100	0.340		0.280		0.180	
2008		0.430		0.100	0.340		0.280		0.180	
2009		0.395		0.100	0.340		0.280		0.180	

- * Tax rates are per \$100 of assessed value.
- * The personal property tax rate for Queen Anne's County is zero.
- * Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.
- (1) The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Tax rates for fiscal years 2000 and 2001 have been restated to full cash value for comparison purposes.

Town of Queenstown		• • • • • • • • • • • • • • • • • • • •		Town of Templeville		
\$ 0.	200	\$	0.188	\$	0.168	
0.	200		0.188		0.164	
0.	200		0.185		0.161	
0.	200		0.176		0.142	
0.	200		0.176		0.142	
0.	200		0.167		0.133	
0.	200		0.167		0.122	
0.	200		0.167		0.252	
0.	200		0.167		0.252	
0.	200		0.167		0.360	

	Taxpayer		
Total	Real Property	Personal Property	Base to Total Assessable Base
\$ 46,985,218	\$ 46,867,598	\$ 117,620	0.66 %
36,871,333	36,871,333	-	0.52
25,675,400	25,675,400	-	0.36
25,292,490	25,292,490	-	0.36
13,799,182	13,799,182	-	0.19
13,016,740	13,016,740	-	0.18
12,556,666	12,556,666	-	0.18
12,021,658	12,021,658	-	0.17
11,838,400	11,838,400	-	0.17
11,693,204	11,693,204	- _	0.17
\$ 209,750,291	\$ 209,632,671	\$ 117,620	2.96 %
	\$ 46,985,218 36,871,333 25,675,400 25,292,490 13,799,182 13,016,740 12,556,666 12,021,658 11,838,400 11,693,204	\$ 46,985,218 \$ 46,867,598 36,871,333 36,871,333 25,675,400 25,792,490 25,292,490 25,292,490 13,799,182 13,799,182 13,016,740 13,016,740 12,556,666 12,0556,666 12,021,658 12,021,658 11,838,400 11,838,400 11,693,204 11,693,204	\$ 46,985,218 \$ 46,867,598 \$ 117,620 \$ 36,871,333 \$ -25,675,400 \$ 25,292,490 \$ -13,799,182 \$ 13,799,182 \$ -13,016,740 \$ -12,556,666 \$ 12,021,658 \$ 12,021,658 \$ -11,838,400 \$ 11,693,204 \$ -12,024,658

			Assess	sable Base		Ratio: Taxpayer
		Total		Real Property	Personal Property	Base to Total Assessable Base
Second Horizon Group Limited Partnership	\$	32,305,925	\$	32,159,250	\$ 146,675	1.09 %
KRM Development		10,832,550		10,832,550	-	0.36
Vashington Brick & Terracotta		8,332,200		8,332,200	-	0.28
Cent Island Joint Venture		7,526,750		7,526,750	-	0.25
Sateway Partnership		5,915,925		5,915,925	-	0.20
Bay Bridge Limited		5,831,900		5,831,900	-	0.20
C Shopping Center		5,742,700		5,742,700	-	0.19
Mears Point Association		5,647,825		5,647,825	-	0.19
Kent Towne Market		5,388,300		5,388,300	-	0.18
Clyde D. Sisk		5,375,700		5,375,700	 -	0.18
Total	\$	92,899,775	\$	92,753,100	\$ 146,675	3.12 %
Total Assessable Base	\$ 2	2,972,637,875				100.00 %

NOTES:

Source: State of Maryland Department of Assessments and Taxation

⁽¹⁾ The State of Maryland, under Chapter 80 of the Acts of 2000, required that assessed values of real property be based on full cash value assessments as of October 1, 2000. Prior to that time, assessed values of real property were based on 40% of full cash value. Fiscal year 2000 has been restated to full cash value for comparison purposes.

QUEEN ANNE'S COUNTY, MARYLAND REVENUE CAPACITY PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS Table 8

	Taxes Levied		within the of the Levy	Collections in	Total Collec	Total Collections to Date			
Fiscal Year	for the Fiscal Year	Amount	Percentage of Original Levy	Subsequent Years	Amount	Percentage of Original Levy			
2000	\$ 25,246,867	\$ 25,179,068	99.73%	\$ 45,009	\$ 25,224,077	99.91%			
2001	29,673,499	29,593,289	99.73%	37,057	29,630,346	99.85%			
2002	31,834,978	31,759,768	99.76%	115,991	31,875,759	100.13%			
2003	34,534,049	34,452,221	99.76%	82,772	34,534,993	100.00%			
2004	38,135,222	38,052,633	99.78%	67,374	38,120,007	99.96%			
2005	40,608,914	40,542,167	99.84%	211,284	40,753,451	100.36%			
2006	43,208,732	43,107,941	99.77%	97,716	43,205,657	99.99%			
2007	44,500,414	44,401,745	99.78%	69,517	44,471,262	99.93%			
2008	48,575,431	48,505,180	99.86%	73,704	48,578,884	100.01%			
2009	53,839,023	53,756,369	99.85%	-	53,756,369	99.85%			

^{*} This table includes data for all property taxes billed applicable to all funds for Queen Anne's County, Maryland to include General, Special Revenue, and Enterprise Funds. Property taxes billed for the State of Maryland and various municipalities are excluded.

QUEEN ANNE'S COUNTY, MARYLAND RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS Table 9

	Governmental Activities									
Fiscal Year	General Obligation Notes Bonds Payable		Bond Anticipation Notes	Capital Leases	Total Governmental Activites					
2000	\$ 29,465,000	\$ 1,304,927	\$ 3,500,000	\$ 90,152	\$ 34,360,079					
2001	57,620,000	1,042,742	· · · · · · -	46,304	58,709,046					
2002	55,490,000	593,840	-	-	56,083,840					
2003	52,800,000	457,912	-	-	53,257,912					
2004	62,467,858	3,245,500	-	114,331	65,827,689					
2005	60,689,541	684,000	-	-	61,373,541					
2006	56,890,501	622,500	-	-	57,513,001					
2007	75,938,286	561,000	-	248,460	76,747,746					
2008	70,752,345	822,617	-	202,978	71,777,940					
2009	65,420,921	913,183	-	155,482	66,489,586					

			Bu	siness-type Activiti				Ratios				
Fiscal Year	General Obligation Bonds		Obligation Notes		Bond Anticipation Capital Notes Leases		Total Business-type Activities		Total Primary Government	Debt to Total Personal Income (1)	Outstanding Debt per Capita (1)	
2000	\$ 7,590,0	00 5	\$ 8,472,616	\$ 1,200,000	\$ -	\$	17,262,616	\$	51,622,695	4.00%	\$	1,273
2001	8,515,0	00	7,410,320	-	2,000		15,927,320		74,636,366	5.41%		1,820
2002	7,825,0	00	6,912,388	-	-		14,737,388		70,821,228	4.85%		1,707
2003	6,865,0	00	6,402,363	-	-		13,267,363		66,525,275	4.27%		1,584
2004	5,825,0	00	5,879,764	-	-		11,704,764		77,532,453	4.90%		1,789
2005	5,383,6	63	5,343,775	-	-		10,727,438		72,100,979	4.50%		1,624
2006	4,943,6	63	14,580,581	-	-		19,524,244		77,037,245	6.91%		1,695
2007	4,608,8	51	22,516,916	-	-		27,125,767		103,873,513	5.58%		2,246
2008	4,094,4	85	21,058,076	-	-		25,152,561		96,930,501	4.82%		2,024
2009	3,573,7	68	19,624,863	-	-		23,198,631		89,688,217	4.24%		1,905

^{*} Amounts for 2000 to 2002 represent debt relating to total governmental funds (from the General Long-Term Obligations Account Group) and total enterprise funds, since the reporting of governmental activities and business-type activities in government-wide financial statements was implemented in FY03.

⁽¹⁾ See Table 14 for personal income and population data, which are used in calculating these ratios.

QUEEN ANNE'S COUNTY, MARYLAND RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Table 10

Fiscal Year	Вог	General nded Debt (1)	Per Capita (3)		
2000	\$	37,055,000	1.25%	\$	914
2001		66,135,000	2.11%		1,613
2002		63,315,000	1.88%		1,526
2003		59,665,000	1.63%		1,421
2004		68,292,858	1.69%		1,575
2005		66,073,204	1.44%		1,488
2006		61,834,164	1.22%		1,360
2007		80,547,137	1.41%		1,742
2008		74,846,830	1.17%		1,563
2009		68,994,689	0.97%		1,465

- * General Bonded Debt includes all general obligation debt, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Other debt is excluded because it is not in the form of bonds.
- (1) General Bonded Debt is comprised of both governmental and businesstype activities from Table 9.
- (2) See Table 5 for taxable assessable base.
- (3) See Table 14 for population data.



Name of Jurisdiction	Gross Debt			
Queen Anne's County: County Government Total Net Direct Debt (1)	\$ 89,688,217			
Towns: (2) Centreville Millington Queenstown	10,584,809 1,356,761 323,428			
Total Net Overlapping Debt	12,264,998			
Total Net Direct and Overlapping Debt	\$ 101,953,215			

- (1) Net direct debt of the County includes general obligation bonds, notes payable, and capital leases. See Table 9. Overlapping debt is the debt of other governmental entities located within the County that is payable in whole or in part by taxpayers of the County.

 (2) Entities are located wholly within Queen Anne's County. Debt information reported by municipalities.

		2000	2001	2002	
	ation of Legal Debt Margin - for Queen Anne's County an Debt related to the Sanitary District:				
Authoriz	zed debt limit under Title 5 (Subtitle 4) (1)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	
Authoriz	zed bonded debt under specific public laws Enterprise Funds, excluding Sanitary District (5) General Obligation Debt (5) Subtotal	29,465,000 29,465,000	1,715,000 57,620,000 59,335,000	1,625,000 55,490,000 57,115,000	
	Total authorized debt under Title 5 and specific public laws	37,465,000	67,335,000	65,115,000	
LESS	Outstanding bonds, notes payable, and capital leases (6) Less: Sanitary District debt (5) Subtotal Legal Debt Margin - Other than the Sanitary District	51,458,073 17,097,994 34,360,079 \$ 3,104,921	74,504,928 14,003,929 60,500,999 \$ 6,834,001	70,508,807 12,731,829 57,776,978 \$ 7,338,022	
Debt rela	ated to the Sanitary District Proprietary Fund:				
	Total taxable assessed value (3, 4) Plus exempt property (3, 4)	\$ 2,972,637,875 266,713,700	\$ 3,134,050,168 277,039,075	\$ 3,369,796,979 274,858,885	
	Total assessed value	\$ 3,239,351,575	\$ 3,411,089,243	\$ 3,644,655,864	
	Debt Limit - 6% of total assessed value (2, 3)	\$ 194,361,095	\$ 204,665,355	\$ 218,679,352	
LESS	Sanitary District Less: Restricted Cash and Investments in the	17,097,994	14,003,929	12,731,829	
Debt Service Fund available for payment of principal		4,430,101 12,667,893	5,480,724 8,523,205	5,141,449 7,590,380	
	Legal Debt Margin - Sanitary District	\$ 181,693,202	\$ 196,142,150	\$ 211,088,972	

- (1) Title 5, Subtitle 4 (1), of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow up to \$8,000,000 for general operating and capital improvement expenditures. This authority is in addition to any bonded debt authorized under specific public local laws.
- (2) Title 24, Subtitle 1, Section 24-146(A) of the Code of Public Local Laws of Queen Anne's County authorizes the County to borrow an amount not to exceed 6% of the total value of property assessed. The proceeds of such borrowings must be used for sewer and water system construction payments.
- (3) Prior to June 1, 2001, the legal debt limit was 15 percent of the assessable base (real and personal property) of the County. During that time, the assessable base for real property was 40 percent of the full assessed value. Effective June 1, 2001, real property in the State of Maryland began being assessed at 100 percent of full assessed value instead of the previous 40 percent assessment method. Also effective June 1, 2001, the section of the Code referred to above was amended in conjunction with the real property assessment change. Under the amendment, the legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.
 - Note that Fiscal Years 2000 and 2001 have been restated to full cash value and the legal debt margin has been calculated at 6% for for all property and all years for comparison purposes.
- (4) See Table 5.
- (5) See Note 9, Section B.
- (6) See Table 9.

2003		2004 2005		2006	2007	2008	2009
\$ 8,000,	,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
1,535,		1,440,000	1,413,663	1,413,663	1,538,851	1,509,485	1,493,768
52,800, 54,335,		62,467,858 63,907,858	60,689,541 62,103,204	56,890,501 58,304,164	75,938,286 77,477,137	70,752,345 72,261,830	65,420,921 66,914,689
34,333,	,000	03,907,038	02,103,204	30,304,104	11,411,131	72,201,030	00,914,009
62,335,	,000	71,907,858	70,103,204	66,304,164	85,477,137	80,261,830	74,914,689
66,266,	.872	77,328,067	72,100,979	77,037,245	103,625,053	96,727,523	89,688,217
11,412,	635	10,005,867	9,266,078	18,069,698	25,552,847	23,615,821	21,684,421
54,854,	237	67,322,200	62,834,901	58,967,547	78,072,206	73,111,702	68,003,796
\$ 7,480,	763	\$ 4,585,658	\$ 7,268,303	\$ 7,336,617	\$ 7,404,931	\$ 7,150,128	\$ 6,910,893
\$ 3,651,023,		\$ 4,039,049,012	\$ 4,596,665,870	\$ 5,061,055,866	\$ 5,693,764,229	\$ 6,398,550,545	\$ 7,083,072,750
276,953,	744	297,843,389	330,840,259	369,542,935	419,303,486	474,798,401	547,163,868
\$ 3,927,977,	259	\$ 4,336,892,401	\$ 4,927,506,129	\$ 5,430,598,801	\$ 6,113,067,715	\$ 6,873,348,946	\$ 7,630,236,618
\$ 235,678,	,636	\$ 260,213,544	\$ 295,650,368	\$ 325,835,928	\$ 366,784,063	\$ 412,400,937	\$ 457,814,197
11,412,	635	10,005,867	9,266,078	18,069,698	25,552,847	23,615,821	21,684,421
4,264,	878	4,289,452	4,105,842	3,940,626	4,746,865	4,551,821	4,180,188
7,147,	757	5,716,415	5,160,236	14,129,072	20,805,982	19,064,000	17,504,233
\$ 228,530,	879	\$ 254,497,129	\$ 290,490,132	\$ 311,706,856	\$ 345,978,081	\$ 393,336,937	\$ 440,309,964

QUEEN ANNE'S COUNTY, MARYLAND PRINCIPAL EMPLOYERS CURRENT FISCAL YEAR AND NINE YEARS AGO Table 13

		iscal Year	2009	Fiscal Year 2000			
			Percentage of			Percentage of	
			Total County			Total County	
Employer	Employees	Rank	Employment	Employees	Rank	Employment	
Queen Anne's County Board of Education	980	1	7.71%	N/A	N/A	N/A	
Queen Anne's County Government	522	2	4.10%	N/A	N/A	N/A	
S.E.W. Friel	275	3	2.16%	N/A	N/A	N/A	
Paul Reed Smith Guitars	250	4	1.97%	N/A	N/A	N/A	
Chesapeake College	225	5	1.77%	N/A	N/A	N/A	
Safeway	185	6	1.45%	N/A	N/A	N/A	
Reeb Millwork	170	7	1.34%	N/A	N/A	N/A	
Kmart	150	8	1.18%	N/A	N/A	N/A	
Genesis Healthcare	150	9	1.18%	N/A	N/A	N/A	
Acme	150	10	1.18%	N/A	N/A	N/A	
Total	3,057		24.04%				

NOTES:

Source: Queen Anne's County Economic Development Office; Tables 15 and 17.

^{*} N/A - Information for 2000 is unavailble.

QUEEN ANNE'S COUNTY, MARYLAND **DEMOGRAPHIC STATISTICS** LAST TEN FISCAL YEARS Table 14

Fiscal Year	Population (1)	Total Personal Income (2)	er Capita come (3)	Unemployment Rate (3)	Average Registered Number of Pupils (4)
2000	40,563	\$ 1,290,876,912	\$ 31,824	3.40%	7,015
2001	41,000	1,379,035,000	33,635	3.60%	7,239
2002	41,500	1,459,638,000	35,172	3.30%	7,266
2003	42,000	1,558,032,000	37,096	3.50%	7,457
2004	43,350	1,582,275,000	36,500	3.10%	7,530
2005	44,392	1,601,707,752	36,081	3.50%	7,649
2006	45,450	1,114,661,250	24,525	3.50%	7,162
2007	46,241	1,861,755,142	40,262	3.50%	7,774
2008	47,886	2,009,392,332	41,962	4.00%	7,790
2009	47,091	2,113,538,262	44,882	6.70%	7,774

- (1) Source: Queen Anne's County Division of Land Use and Zoning.(2) Personal income derived by multiplying population by per capita income.
- (3) Source: Maryland Department of Business and Economic Development.
- (4) Source: Queen Anne's County Board of Education.

QUEEN ANNE'S COUNTY, MARYLAND OPERATING INFORMATION COUNTY GOVERNMENT EMPLOYEES - FULL-TIME EQUIVALENTS LAST TEN FISCAL YEARS Table 15

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of Exempt Employees	30	31	31	33	33	35	35	36	31	29
Number of Full Time Employees	364	373	394	399	413	420	432	470	481	475
Number of Part Time Employees (FTE)	50	24	24	29	21	21	23	25	20	18
Total County Government Employees	444	428	449	461	467	476	490	531	532	522

NOTES:

Source: Queen Anne's County Finance Office.

QUEEN ANNE'S COUNTY, MARYLAND COUNTY GOVERNMENT EMPLOYEES - FULL-TIME ONLY BY FUNCTION LAST THREE FISCAL YEARS Table 16

	2007	2008	2009
Governmental Activities:			
General Government	90	90	89
Public Safety:			
Police	49	53	52
Fire - Emergency Management Services	69	68	69
Corrections	37	38	42
Animal Services	11	11	8
Public Works	87	91	85
Health	1	1	1
Social Services	40	38	38
Parks & Recreation	39	40	38
Conservation of Natural Resources	3	3	3
Economic/Community Development	12	12	10
Total Governmental Activities	438	445	435
Business-Type Activities:			
Sanitary District	47	46	45
Bay Bridge Airport	3	3	3
Public Landings	3	3	3
Property Management	5	4	7
Total Business-Type Activities	58	56	58
Component Unit:			
Public Housing Authority	10	11	11
Total Full-Time County Employees	506	512	504

NOTES:

Only full-time County employees are represented in this Table; data relating to full-time equivalents

for part-time employees is not available at this time.

County employees include the Public Housing Authority but exclude other component units. Therefore, no employees are listed for the Education or Library functions, which relate to the Board of Education and the Queen Anne's County Free Library component units, respectively.

As data becomes available in future years, this Table will be updated to include data for up to ten fiscal years.

Source: Queen Anne's County Finance Office.

QUEEN ANNE'S COUNTY, MARYLAND OPERATING INFORMATION OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Table 17

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General Government:										
Planning & Zoning:										
Number of commercial permits issued	294	124	118	219	295	272	256	235	23	40
Number of residential permits issued:										
Single Family Permits	322	374	406	326	271	247	224	160	138	90
Multi Family Permits	54	33	16	36	-	1	-	-	-	13
Renovations and Additions Permits	563	519	550	678	745	680	608	541	539	324
Public Safety:										
Fire and Rescue:										
Number of volunteer members	577	450	577	650	649	630	630	600	663	663
Police:										
Uniformed Police Officers	37	42	42	47	50	49	49	49	53	54
Number of law violations:										
Physical arrests	1,112	1,190	987	1,021	1,112	1,536	1,115	1,413	1,373	1,429
Traffic violations	3,602	3,227	1,904	2,322	4,363	5,307	4,962	5,310	5,745	8,276
Detention Center:										
Detention Center Officers	28	28	29	29	32	30	31	33	35	37
Average yearly prison population	N/A	86	80	92	92	96	99	113	112	97
Public Works:										
Wastewater Treated - Daily (mgd)	1.60	1.50	1.50	1.60	1.50	1.50	1.50	1.50	1.60	1.70
Education:										
Number of Personnel										
Teachers	439	446	447	458	459	479	496	501	522	528
Administrators	41	37	41	39	39	39	39	40	40	38
Support	283	265	303	303	302	321	318	327	338	338
Other	44	56	46	46	43	53	59	55	77	76
Number of Students	7,015	7,239	7,266	7,457	7,530	7,649	7,162	7,774	7,790	7,774
Number of High School Graduates	N/A	N/A	N/A	N/A	N/A	N/A	514	563	560	590

NOTES: N/A - Data not readily available, or not available in a manner consistent with this display. Source: Various County departments.

QUEEN ANNE'S COUNTY, MARYLAND OPERATING INFORMATION CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS Table 18

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
Public Safety:										
Fire and Rescue:										
Number of volunteer stations	9	9	9	9	9	10	10	10	10	10
Equipment:										
Engines	19	19	17	13	16	17	17	16	16	16
Tankers	9	9	8	8	7	7	7	9	9	9
Aerial Units	3	3	4	3	4	4	4	4	4	4
Rescue Units	4	4	4	5	5	5	5	5	6	6
Brush Units	8	8	8	7	7	7	7	8	8	8
Air Units (MD State Police)	1	1	1	8	8	1	1	1	3	3
Boats	5	4	6	5	5	5	5	3	1	1
Ambulance/Medic Units	15	16	21	15	15	15	18	20	16	16
Cars/Other	7	11	19	15	20	20	20	16	17	17
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles										
Patrol	36	42	38	48	58	43	34	54	57	64
Other	6	8	8	21	6	15	26	15	7	13
Detention Center										
Capacity	104	104	104	104	104	104	104	104	104	104
Public Works:										
County Maintained Roads and Streets										
Paved (miles)	511	508	510	524	522	524	534	536	530	539
Unpaved (miles)	47	27	24	12	13	13	13	12	15	12
County Owned Water and										
Wastewater Facilities										
Water										
Miles of Mains	35	37	38	38	47	47	49	51	56	57
Water Treatment Plants	10	10	10	10	10	10	10	10	11	11
Booster Stations	2	2	3	2	2	2	2	2	2	2
Wastewater										
Miles of Mains	91	94	96	97	105	105	107	109	114	116
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Collection, Lift,	07	00	00	00	00	00	00	00	0.4	0.4
and Pumping Stations	27	28	28	28	29	29	29	29	31	31
Education:										
Number of Schools	0	0	0	0	0	0	0	0	0	0
High Schools	2	2	2	2	2	2	2	2	2	2 4
Middle Schools	3 7	3 7	3 7	3 7	3 7	8	8	8	8	8
Elementary Schools Parks and Recreation:	,	/	/	,	/	8	8	8	8	8
Parks and Recreation.	21	25	24	24	24	24	28	29	32	22
Parks Park Acreage	1,842	25 1,804	1,902	2,022	2,024	2,024	28 2,579	2.572	2,633	33 2,633
Park Acreage Public Landings	1,842	1,804	1,902	2,022	2,024	2,024 21	2,579 21	2,572 21	2,633 21	2,633
•	20	۷1	22	22	22	۷1	۷1	۷1	۷1	20
Library: Number of Libraries	3	3	3	3	3	3	3	3	3	3
Number of Libraties	3	3	3	3	3	3	3	3	3	3

NOTES: Source: Various County departments.



